



**Johnston Community School District
Johnston, Iowa**

Comprehensive Annual Financial Report

Year Ended June 30, 2013

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JOHNSTON COMMUNITY SCHOOL DISTRICT**

Johnston, Iowa

Fiscal Year Ended June 30, 2013

OFFICIAL ISSUING REPORT

Jan Miller-Hook, Executive Director of Financial Services

OFFICE ISSUING REPORT

Business Office

Johnston Community School District
Table of Contents
June 30, 2013

<u>INTRODUCTORY SECTION</u>		<u>Page</u>
Letter of Transmittal		1-4
Organizational Chart		5
Board of Education and School District Administration Officials		6
Certificates of Achievement/Excellence		7-8
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report		9-10
Management's Discussion and Analysis (MD&A)		11-19
<u>Basic Financial Statements:</u>	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Position	A	21-22
Statement of Activities	B	23-24
Governmental Fund Financial Statements:		
Balance Sheet	C	25
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	26
Statement of Revenues, Expenditures and Changes in Fund Balances	E	27-28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	29
Proprietary Funds Financial Statements:		
Statement of Net Position	G	30
Statement of Revenues, Expenses and Changes in Fund Net Position	H	31
Statement of Cash Flows	I	32-33
Notes to Financial Statements		34-48
 <u>Required Supplementary Information:</u>		
Schedule of Funding Progress for the Retiree Health Plan		50
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual - All Governmental Funds and Proprietary Funds		51
Notes to Required Supplementary Information - Budgetary Reporting		52
 <u>Supplementary Information:</u>	<u>Schedule/Statement</u>	
Combining and Individual Fund Financial Statements and Schedules:		
Non-major Special Revenue Funds:		
Combining Balance Sheet	1	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	55-56
Capital Projects Accounts:		
Combining Balance Sheet	3	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	58
Proprietary Funds:		
Combining Statement of Net Position	5	59
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	6	60-61
Combining Statement of Cash Flows	7	62-63
Capital Assets used in the Operation of Governmental Funds:		
Schedule by Source	8	64
Schedule by Function and Activity	9	65
Schedule of Changes by Function and Activity	10	66
Other Financial Schedules:		
Schedule of Changes in Individual Student Activity Accounts	11	67
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	12	68

Table of Contents, concluded

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component	70-71
Expenses, Program Revenues and Net Revenues (Expenses)	72-73
General Revenues and Total Change in Net Position	74-75
Fund Balances - Governmental Funds	76-77
Governmental Funds Revenues	78-79
Government-Wide Revenues, by Source	80
Comparative Ratio of Debt Service to Governmental Funds Expenditures	82-83
Government-Wide Expenses, by Function	84
Other Financing Sources	86-87
Comparisons of Growth in Revenue, Expenditures, Enrollment, Assessed Valuation and Tax Rates – General Fund	88
Assessed Value and Actual Value of Taxable Property	89
Property Tax Rates per \$1,000 Assessed Valuation	90
Principal Taxpayers and Employers	91
Property Tax Levies and Collections	92
Property Tax Rates	93
Property Tax Liability	94
Ratios of General Bonded Debt Outstanding	95
Outstanding Debt by Type	96-97
Legal Debt Margin Information	98-99
Debt Limit	100
Pledged Revenue Coverage	101
General Info	102
Population	103
Retail Sales	104
Bank Deposits	105
Residential Construction by Number of Dwelling Units	106
General Staffing Levels – General Fund	107
Operating Cost Per Pupil	108
General Analysis of Facilities	110-111
Schedule of Insurance Coverage	112-113
<u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	115
Notes to Schedule of Expenditures of Federal Awards	116
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	117-118
Independent Auditor's Report on Compliance for Each Major Program, on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	119-120
Schedule of Findings and Questioned Costs	121-123



Johnston Community School District
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Johnston, IA 50131-0010 ph.515-278-0470 fax 515-278-5884
Jan Miller-Hook, Executive Director of Financial Services

October 31, 2013

Members of the Board of Education and Residents
Johnston Community School District
Johnston, Iowa

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2013. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2013 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart, a list of District officials, and the 2012 Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association and the Association of School Business Officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, and is divided into five categories including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview of the basic financial statement. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Reporting Entity

This report includes all entities or organizations required to be included in the District's reporting entity. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Directors, serving staggered terms of four years, governs the Johnston Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators. The District is subject to the general oversight of the Iowa Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

The Johnston Community School District is located in the northwest part of Polk County and is one of the faster growing suburbs of Des Moines, Iowa. The District is the 14th largest of Iowa's 348 public school systems. The enrollment is approximately 6,269 students. The District provides a full range of educational services appropriate to students in early childhood, preschool, transitional kindergarten, and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend Metro West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and five elementary schools. All of these buildings are either new or remodeled in the past 25 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook of the District have remained strong during the past ten years, and as a result, the District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged 5.9% annual increase in the tax base over the past ten years, and experienced a 5.5% increase in 2013. The District also expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 3.7% annually over the last ten years. While the District has seen annual certified enrollment increases slow down from an average increase of 180 students during the last ten years to an average of 126 students during the last five years, the District is still projected to grow over the next ten years. The District utilizes a demographer to assist with enrollment projections.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the maximum optional instructional support levy and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs have generally exceeded that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

In recent years, the state of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this was particularly demonstrated in the unprecedented 10% across the board state funding cut fall 2009, the low 2% allowable growth for fiscal year 2011, the unprecedented zero per cent allowable growth for fiscal year 2012, followed by 2% allowable growth for fiscal year 2013.

Major Initiatives

Most of the Timber Ridge Elementary addition was completed in fiscal year 2013 and was funded with sales tax revenues for a total project cost of \$1,090,445. It is projected that the district will continue to grow for the foreseeable future with growth topping out at 6,800-7,510 students. To accommodate the district's growth, a facility plan was approved that includes a new high school housing grades 10-12, renovations to the existing high school to house 8th and 9th grade students, renovations to the existing middle school to house elementary students by moving Wallace Elementary to that building along with all district preschool classes, and renovations to the current Wallace Elementary to meet district needs. This facility plan will be funded through various sources including a bond referendum that passed in June 2013 for \$41 million, revenue bonds, and PPEL notes; this facility plan should meet the enrollment needs of the district for many years.

Long-Term Financial Planning

Unassigned fund balance in the general fund decreased fiscal year 2013 by approximately \$2.1 million due to the math textbook adoption, increased costs in operating costs exceeding low state funding of 2% allowable growth, coupled with a lower cash reserve levy. The district has a financial solvency ratio target of 5-15% with 10% as a minimal goal, and unspent target of 5-15%. While the financial solvency ratio of 6.8% and unspent ratio of 8.16% are still within the targeted ranges set by policy, it will be important to maintain an adequate cash reserve levy to achieve and maintain the financial solvency goal, and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent over 80 % of the operating budget.

The State of Iowa has implemented lower allowable growth, mid-year budget reductions in past years, and not provided on time funding over the last several years. With a growing district like Johnston, funds need to be built up to help cover expenses of increased enrollments since funding is not received until the subsequent year. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority.

Relevant Financial Policies

Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has thirty (30) days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. Legislature spring 2009 set the fiscal year 2010-2011 state percent of growth. However, in the spring of 2010, the statutory requirement to establish the percentage of allowable growth increase for K-12 schools and accompanying educational funding categories for the 2011-12 school year was delayed for one year. In the spring of 2011, zero percent allowable growth was determined for fiscal year 2011-12 and two percent allowable growth for fiscal 2012-2013. However, legislature spring 2012 once again failed to set allowable growth for fiscal year 2013-2014. The allowable growth was finally set for fiscal year 2013-2014 at two per cent complemented with a one-time additional state funding of 2% and four percent for fiscal year 2014-2015. Allowable growth is crucial in funding the needs of our growing district.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is the highest form of recognition for excellence in state and local financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Johnston Community School District has received this award annually for the last nine years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year. The Johnston Community School District has received this award for thirteen years, and we are submitting this report to ASBO to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen, Sietstra & Meyer, PC. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2013. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

Respectfully submitted,

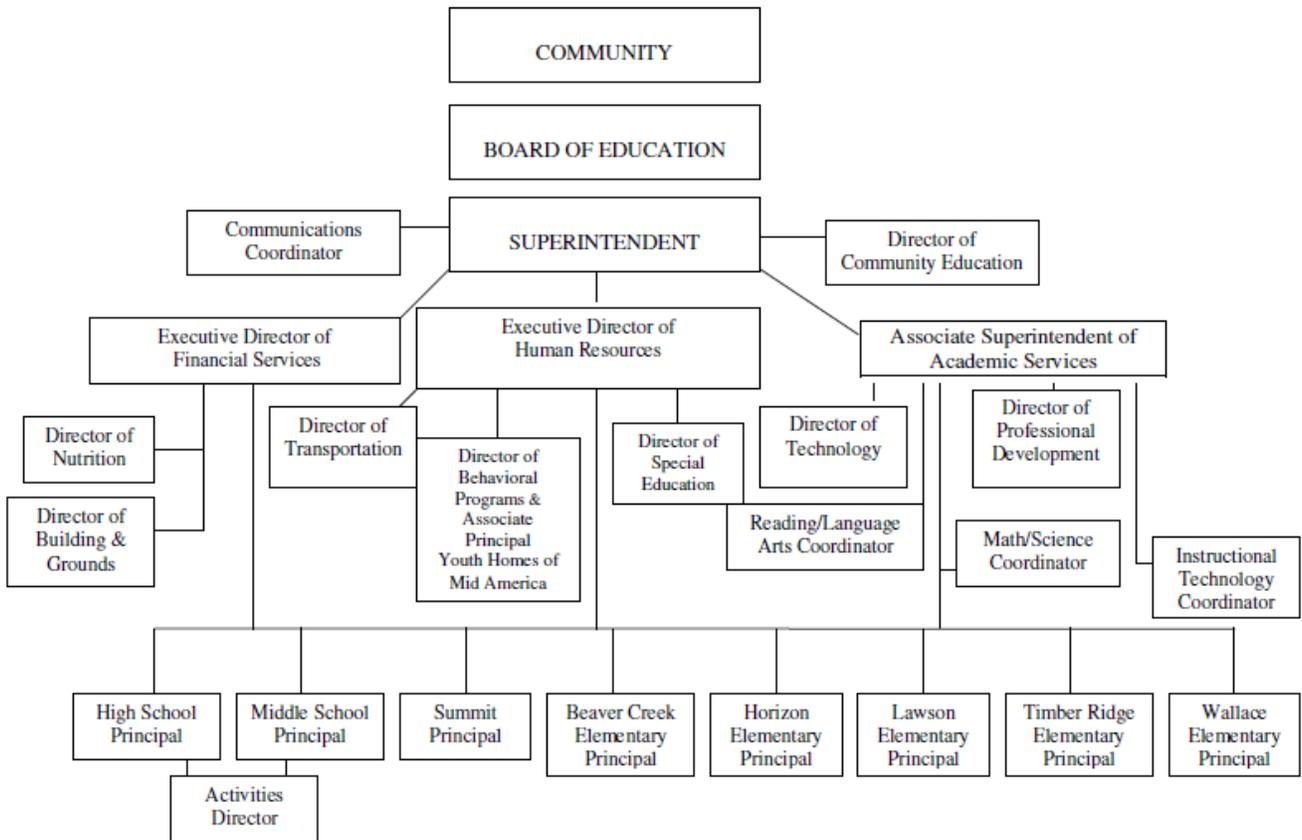


Jan Miller-Hook
Executive Director of Financial Services



Clay Guthmiller
Superintendent of Schools

Johnston Community School District, Organizational Chart, Year Ended June 30, 2013



**Johnston Community School District
Board of Education and School District Administration
Year Ended June 30, 2013**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Board of Education		
Mike Farrell	President	2015
Greg Dockum	Vice President	2015
Jill Morrill	Board Member	2015
Julie Walter	Board Member	2013
Marci Cordaro	Board Member	2013
John Dutcher	Board Member	2013
Deb Henry	Board Member	2015
School District Administration		
Clay Guthmiller	Superintendent of Schools	
Tom Mitchell	Executive Director of Human Resources	
Dr. Bruce Amendt	Executive Director of Academic Affairs	
Jan Miller-Hook	Executive Director of Financial Services	
Nancy J. Buryanek	Director of Community Education	
Tim Kline	Director of Buildings and Grounds	
George Smith	Assistant Director of Buildings and Grounds	
LaRae Doll	Director of Nutrition & Food Services	
Michael Volz	Director of Transportation	
Tony Sparks	Director of Technology	
Brent Riessen	High School Principal	
Randy Klein	High School Associate Principal	
Jerry Stratton	High School Associate Principal	
Brian Carico	Middle School Principal	
Nate Zittergruen	Middle School Associate Principal	
Joy Wiebers	Summit Middle School Principal	
Kevin Blackburn	Summit School Associate Principal	
Gary L. Ross	Director of Athletics and Activities	
Trish Lenarz-Garmoe	Lawson Elementary Principal	
Cheryl Henkenius	Timber Ridge Elementary Principal	
Tim Salmon	Horizon Elementary Principal	
Suzie Pearson	Wallace Elementary Principal	
Eric Toot	Beaver Creek Elementary Principal	
Vickie McCool	Y-Home Associate Principal & Special Education Coordinator	
Dr. Barb Rankin	Director of Behavioral Programming/Y-Home Associate Principal	
Deb Cale	Director of Professional Development	



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Johnston Community School
District, Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Johnston Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Ron McCulley'.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



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Van Maanen, Sietstra & Meyer, PC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District at June 30, 2013, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 11 through 19 and 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Johnston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012, (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the Johnston Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnston Community School District's internal control over financial reporting and compliance. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

October 31, 2013

**Johnston Community School District
Management's Discussion and Analysis
Year ended June 30, 2013**

The Johnston Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The district showed an increase of \$3,108,525 and \$6,624,855 in net position for governmental activities during the years ended June 30, 2013 and 2012, respectively. This increase is primarily a result of cash in debt escrow for bonds issued December 2012 to pay costs of refunding existing general obligation indebtedness offset by the net increase of general obligation bonds payable.
- Total revenues for the fiscal year ended June 30, 2013 and 2012 of \$81,533,240 and \$79,918,322 were comprised of General Revenues in the amount of \$61,548,571 and \$60,217,081 and Program Revenues totaling \$19,984,669 and \$19,701,241 respectively.
- As of June 30, 2013, the District's governmental funds reported combined ending fund balances of \$23,608,331, an increase of \$7,697,899 in comparison with 2012. This compares with June 30, 2012 balance of \$15,910,432, a decrease of \$5,622,296 in comparison with 2011. This increase for year ending 2013 consists of \$2.1 million decrease in Unassigned General Fund offset by an increase in the Debt Service fund balance. The decrease in the Unassigned General Fund is due to costs of a textbook adoption and increased operating costs with low state funding (allowable growth 2%) coupled with a lower cash reserve levy. The increase in the Debt Service fund balance is a result of cash in debt escrow for bonds issued in December 2012 to pay costs of refunding existing general obligation indebtedness.
- As of June 30, 2013, Unassigned fund balance for the General Fund was \$4,019,759 or 6.3% of total General Fund expenditures. This is a decrease from the balance on June 30, 2012 of \$5,998,132 or 10% of expenditures. This large decrease is again due to the textbook adoption and increased operating costs with low state funding (allowable growth 2%) coupled with a lower cash reserve levy.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

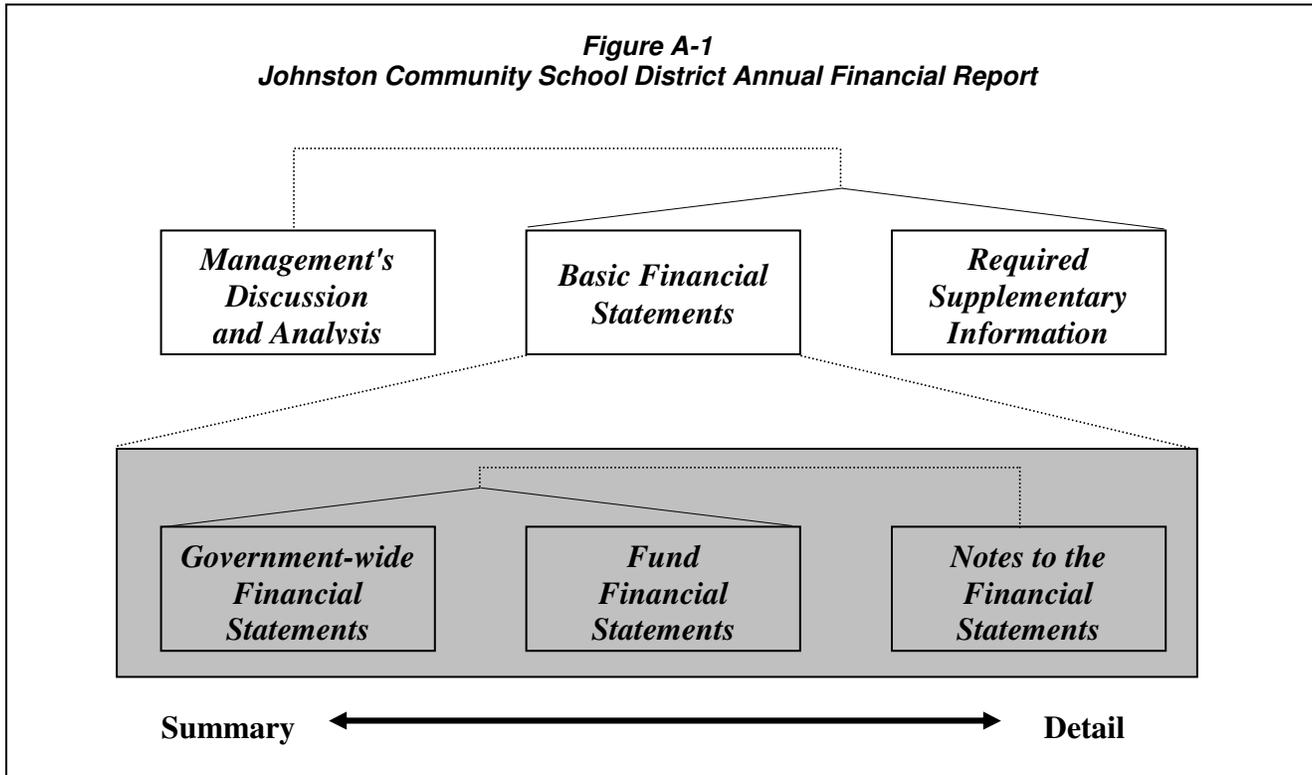


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds*. The District's proprietary funds are reported in the same way as the Government-wide statements.
 - The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds: School Nutrition, Daycare, Community Preschool and Community Education.
 - The District's internal service funds consist of revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are the Health and Dental Insurance and Flex Benefit funds.

Financial Analysis of the District as a Whole

Net position - Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2013 compared to June 30, 2012.

	Figure A-3						
	Condensed Statement of Net Position						
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$ 71,307,694	60,593,043	3,007,601	3,017,466	74,315,295	63,610,509	16.8%
Capital assets, net	99,016,190	98,746,299	731,486	587,958	99,747,676	99,334,257	0.4%
Total assets	170,323,884	159,339,342	3,739,087	3,605,424	174,062,971	162,944,766	6.8%
Current liabilities	46,984,837	44,788,684	432,038	378,469	47,416,875	45,167,153	5.0%
Long-term liabilities	38,741,926	33,062,062	61,694	52,512	38,803,620	33,114,574	17.2%
Total liabilities	85,726,763	77,850,746	493,732	430,981	86,220,495	78,281,727	10.1%
Net Position:							
Invested in capital assets, net of related debt	57,078,691	62,356,405	731,486	587,958	57,810,177	62,944,363	-8.2%
Restricted	19,489,999	9,744,735	-	-	19,489,999	9,744,735	100.0%
Unrestricted	8,028,431	9,387,456	2,513,869	2,586,485	10,542,300	11,973,941	-12.0%
Total net position	\$ 84,597,121	81,488,596	3,245,355	3,174,443	87,842,476	84,663,039	3.8%

- As noted earlier, net position may serve over time as a useful indicator of a government entity's financial position. The District's total net position increased from a year ago \$84,663,039 to \$87,842,476. This increase is primarily a result of cash in debt escrow for bonds issued in December 2012 to pay costs of refunding existing general obligation indebtedness offset by the net increase of general obligation bonds payable.

The significant portions of the District's combined net position reflect its investment in capital assets and are not available for future spending. The District's net position invested in capital assets, net of related debt, was \$57,810,177 for 2013 and \$62,944,363 for 2012.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$4,480,000.

Property tax and unrestricted state grants account for 74.4 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 86.5 percent of the total expenses.

- The restricted portion of the District's net position (22.2 percent for 2013 and 11.5 percent for 2012) represents resources that are subject to external restrictions in how they may be used. This increase is due to the debt escrow for bonds issued in 2012 to pay costs of refunding existing general obligation indebtedness offset by the net increase of general obligation bonds payable. Restrictions for 2013 include \$4,348,440 for capital projects, \$1,824,615 for physical plant and equipment levy, \$107,999 for internal services, \$763,646 for other special revenue purposes, \$9,578,692 for debt service, \$2,074,725 for management levy, \$742,491 for state categorical funding, and \$49,391 for other purpose restricted assets. The remaining balance of unrestricted net position of \$10,542,300 for 2013 and \$11,973,941 for 2012 may be used to meet the government's ongoing obligations to students and creditors.
- The District's total net position increased by \$3,179,437 during the current fiscal year as compared to \$6,992,509 in 2012. The governmental activities net position increased by \$3,108,525 in 2013 and \$6,624,855 in 2012. This increase is primarily a result of debt escrow for bonds issued in December 2012 to pay costs of refunding existing general obligation indebtedness offset by the net increase of general obligation bonds payable. The business type activities (which include nutrition, community education, community preschool and daycare) increased by \$70,912 in 2013, as compared to \$367,654 in 2012 for a decrease of \$296,742.

**Johnston Community School District
Management's Discussion and Analysis
Year ended June 30, 2013**

Governmental Activities

Revenues for governmental activities were \$75,399,807 and expenses were \$72,500,864 for the year ended June 30, 2013. Net position increased by \$2,898,943 with \$209,582 being restated in the net position beginning of year mainly due to expenses incurred during construction on the Lawson addition in FY12 of which the kitchen equipment was to be expensed to Nutrition. However, the detail from the vendor outlining those costs was not received until FY 13, so the costs were then reclassified.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2013 and 2012. These two main components are subtracted to yield the change in net position. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

**Figure A-4
Changes in Net Position**

	Governmental activities		Business type activities		Total District		Total
	Year ended June 30,		Year ended June 30,		Year ended June 30,		Change
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for services	\$ 5,043,711	5,020,465	5,310,485	5,031,904	10,354,196	10,052,369	3.0%
Operating grants and contributions	8,742,525	8,729,403	887,948	919,469	9,630,473	9,648,872	-0.2%
General revenues:							
Local taxes	35,860,345	35,695,347	-	-	35,860,345	35,695,347	0.5%
State grants	24,769,091	23,753,747	-	-	24,769,091	23,753,747	4.3%
Investment earnings	46,852	71,535	-	-	46,852	71,535	-34.5%
Other	872,283	696,452	-	-	872,283	696,452	25.2%
Transfer	65,000	-	(65,000)	-	-	-	-
Total revenues	<u>75,399,807</u>	<u>73,966,949</u>	<u>6,133,433</u>	<u>5,951,373</u>	<u>81,533,240</u>	<u>79,918,322</u>	<u>2.0%</u>
Expenses:							
Program expenses:							
Instruction	49,036,745	44,757,711	-	-	49,036,745	44,757,711	9.6%
Support services - students & staff	5,343,734	5,002,909	-	-	5,343,734	5,002,909	6.8%
Support services - administration	5,251,380	5,043,599	-	-	5,251,380	5,043,599	4.1%
Operations and maintenance	4,919,762	4,886,355	-	-	4,919,762	4,886,355	0.7%
Transportation	3,222,225	3,591,054	-	-	3,222,225	3,591,054	-10.3%
Non-instructional activities	159,747	136,274	-	5,583,719	159,747	5,719,993	-97.2%
Other	4,567,271	3,924,192	5,880,453	-	10,447,724	3,924,192	166.2%
Total expenses	<u>72,500,864</u>	<u>67,342,094</u>	<u>5,880,453</u>	<u>5,583,719</u>	<u>78,381,317</u>	<u>72,925,813</u>	<u>7.5%</u>
Increase (decrease) in net position	2,898,943	6,624,855	252,980	367,654	3,151,923	6,992,509	-54.9%
Net Position beginning of year, as restated	<u>81,698,178</u>	<u>74,863,741</u>	<u>2,992,375</u>	<u>2,806,789</u>	<u>84,690,553</u>	<u>77,670,530</u>	<u>9.0%</u>
Net Position end of year	<u>\$ 84,597,121</u>	<u>81,488,596</u>	<u>3,245,355</u>	<u>3,174,443</u>	<u>87,842,476</u>	<u>84,663,039</u>	<u>3.8%</u>

Business Type Activities

Revenues of the District's business-type activities were \$6,133,433 and expenses were \$5,880,453 for the year ended June 30, 2013. Net position increased \$252,980. The District's business-type activities include the School Nutrition, Daycare, Community Preschool and Community Education Funds. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

Financial Analysis of the District's Funds

- The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2013 the District's governmental funds reported combined fund balances of \$23,608,331 as compared to the 2012 ending fund balances of \$15,910,432. The \$7,697,899 increase for year ending 2013 consists of an approximate \$2.0 million decrease in Unassigned General Fund offset by an increase in the Debt Service fund balance. The decrease in the Unassigned General Fund is due to costs of a textbook adoption and increased operating costs with low state funding (allowable growth 2%) coupled with a lower cash reserve levy. The increase in the Debt Service fund balance is a result of cash in debt escrow for bonds issued in December 2012 to pay costs of refunding existing general obligation indebtedness.

Governmental Fund Highlights

- The District's General Fund balance decreased by \$2,109,443. The June 30, 2012 balance of \$6,921,084 decreased to \$4,811,641 on June 30, 2013. This large decrease is again due to costs of a textbook adoption and increased operating costs with low state funding (allowable growth 2%) coupled with a lower cash reserve levy.
- The Debt Service Fund balance increased from \$516,040 June 30, 2012 to \$9,721,828 June 30, 2013. The increase in the Debt Service fund balance is a result of cash in debt escrow for bonds issued in December 2012 to pay costs of refunding existing general obligation indebtedness.
- The Capital Projects Fund balance increased from \$5,851,080 June 30, 2012 to \$6,173,055 June 30, 2013. Funds were used for Lawson and Timber Ridge additions, tennis courts, technology needs, equipment and various capital improvement projects. (Physical plant and equipment is now considered part of Capital Projects Fund balance starting in fiscal year 2012 and was part of non-major special revenue funds prior to fiscal year 2012).
- The non-major special revenue funds balance increased \$279,579 as additional funds were accumulated in both the management and student activity funds.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$2,151,159 on June 30, 2012 to \$2,129,680 on June 30, 2013 for a decrease of 1.0%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except for internal services, private-purpose trusts and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final program budget amounts is as follows:

	Final Budget	Actual	Variance
Instruction	\$ 49,688,240	47,120,429	2,567,811
Support services	24,151,860	20,001,775	4,150,085
Non-instructional programs	7,561,119	5,178,388	2,382,731
Other	16,784,182	12,125,333	4,658,849
	<u>\$ 98,185,401</u>	<u>84,425,925</u>	<u>13,759,476</u>

"Other" expenditures variance is due to construction project expenditures not meeting projected cash flows, always a difficult estimate.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013, the District had invested \$99,747,676 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This compares to the June 30, 2012 balance of \$99,334,258. See Figure A-5.

The original cost of the District's capital assets was \$141,900,226. Governmental funds account for \$139,579,595 with the remainder, \$2,320,631, in the Enterprise funds.

The largest changes in capital asset activity during the year occurred in the categories of construction and buildings with work on the Timber Ridge addition, improvement to tennis courts, elevator, and the completion of the Lawson Elementary addition (most of the expenses had occurred in fiscal 2012 under Construction in Progress and then moved to Buildings in fiscal 2013).

**Figure A-5
Capital Assets, Net of Depreciation**

	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$ 9,285,261	9,285,261	-	-	9,285,261	9,285,261	0.0%
Construction in progress	1,430,437	4,454,676	-	-	1,430,437	4,454,676	-67.9%
Buildings	80,690,345	77,946,985	-	-	80,690,345	77,946,985	3.5%
Improvements other than buildings	4,571,241	4,459,852	-	-	4,571,241	4,459,852	2.5%
Furniture and equipment	3,038,906	2,599,525	731,486	587,959	3,770,392	3,187,484	18.3%
Total	\$ 99,016,190	98,746,299	731,486	587,959	99,747,676	99,334,258	0.4%

Additional information about the District's capital assets can be found in Note 5 on page 42 in the notes to the financial statements.

Long-Term Debt

At June 30, 2013 the District had \$43,202,025 in general obligation bonds and other long-term debt outstanding. This represents an increase of approximately 14.5 percent from June 30, 2012. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The decrease reflects normal principal reductions for bonds. This is the fourth year to recognize other post employment benefits. The early retirement policy for 2009 and 2011 had an increased 403B incentive with no insurance benefit, and there was no early retirement policy for fiscal year 2012 or 2013.

**Figure A-6
Long-term Debt Obligations**

	Total School District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
General obligation bonds	\$ 41,108,000	35,659,895	15.3%
Capital lease obligation	829,500	-	-
Capital loan notes	-	730,000	-100.0%
Early retirement	156,679	290,415	-46.0%
Other postemployment benefit	1,107,846	1,040,699	100.0%
Totals	\$ 43,202,025	37,721,009	14.5%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District have remained strong during the past ten years with district enrollment increases averaging 3.7% annually. While the District expects continued enrollment growth during the foreseeable future, the District has seen annual certified enrollment increases slow down from an average increase of 180 students during the last ten years to an average of 126 students during the last five years. The District utilizes a demographer to assist with enrollment projections.
- The District has averaged 5.9% annual increase in the tax base over the past ten years, and experienced a 5.5% increase with 2013.
- The District has an approved facility plan that includes a new high school housing grades 10-12, renovations to the existing high school to house 8th and 9th grade students, renovations to the existing middle school to house elementary students by moving Wallace Elementary to that building along with all district preschool classes, and renovations to the current Wallace Elementary to meet district needs. This facility plan will be funded through various sources included a bond referendum passed in June 2013 for \$41 million, revenue bonds, and PPEL notes, and this facility plan should meet the enrollment needs of the district for many years.
- Inadequate state funding and increasing enrollments will continue to put great pressure on district finances to meet the personnel, facility and transportation needs of the District.
- In policy, the District has a financial solvency ratio target of 5-15% with 10% as a minimal goal, and unspent target of 5-15%. It will be important to maintain an adequate cash reserve levy to achieve and maintain the financial solvency goal, and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent over 80 percent of the operating budget.
- The economy continues to be a factor that could have consequences for the district in regard to state revenues, property valuations, and enrollment.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jan Miller-Hook, Executive Director of Financial Services, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.

Basic Financial Statements

Johnston Community School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents:	\$ 36,066,228	2,816,243	38,882,471
Receivables:			
Property tax:			
Delinquent	110,268	-	110,268
Succeeding year	32,594,758	-	32,594,758
Accounts	39,231	70,660	109,891
Due from other governments	2,315,885	-	2,315,885
Inventories	49,391	120,698	170,089
Prepaid expenses	27,888	-	27,888
Deferred charges	14,864	-	14,864
Total current assets	<u>71,218,513</u>	<u>3,007,601</u>	<u>74,226,114</u>
Non-current assets:			
Capital assets:			
Land	9,285,261	-	9,285,261
Improvements other than buildings	7,238,050	-	7,238,050
Buildings and improvements	113,415,724	-	113,415,724
Vehicles, furniture and equipment	8,210,123	2,320,631	10,530,754
Construction in progress	1,430,437	-	1,430,437
Accumulated depreciation	(40,563,405)	(1,589,145)	(42,152,550)
Total capital assets	<u>99,016,190</u>	<u>731,486</u>	<u>99,747,676</u>
Deferred charges	89,181	-	89,181
Total non-current assets	<u>99,105,371</u>	<u>731,486</u>	<u>99,836,857</u>
Total assets	<u>170,323,884</u>	<u>3,739,087</u>	<u>174,062,971</u>
Liabilities			
Current liabilities:			
Accounts payable	1,436,216	105,954	1,542,170
Insurance claims payable	815,903	-	815,903
Construction retainage payable	130,946	-	130,946
Construction contracts payable	420,010	-	420,010
Salaries and benefits payable	6,617,948	192,885	6,810,833
Accrued interest payable	143,136	-	143,136
Unearned revenue:			
Succeeding year property tax	32,594,758	-	32,594,758
Other	116,137	112,684	228,821
Deposits	58,407	-	58,407
Capital lease payable	409,630	-	409,630
General obligation bonds payable	3,999,577	-	3,999,577
Early retirement payable	93,243	-	93,243
Compensated absences	148,926	20,515	169,441
Total current liabilities	<u>46,984,837</u>	<u>432,038</u>	<u>47,416,875</u>
Non-current liabilities:			
Capital lease payable	419,870	-	419,870
General obligation bonds payable	37,212,468	-	37,212,468
Early retirement payable	63,436	-	63,436
Other post employment benefits payable	1,046,152	61,694	1,107,846
Total non-current liabilities	<u>38,741,926</u>	<u>61,694</u>	<u>38,803,620</u>
Total liabilities	<u>85,726,763</u>	<u>493,732</u>	<u>86,220,495</u>

Exhibit A

**Johnston Community School District
Statement of Net Position
June 30, 2013**

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Net Position			
Net investment in capital assets	57,078,691	731,486	57,810,177
Restricted for:			
State categorical funding	742,491	-	742,491
Management levy purposes	2,074,725	-	2,074,725
Debt service	9,578,692	-	9,578,692
School infrastructure	4,348,440	-	4,348,440
Physical plant and equipment	1,824,615	-	1,824,615
Internal service	107,999	-	107,999
Student activities	763,646	-	763,646
Other purposes	49,391	-	49,391
Unrestricted	8,028,431	2,513,869	10,542,300
Total net position	\$ 84,597,121	3,245,355	87,842,476

See notes to basic financial statements.

Johnston Community School District
Statement of Activities
Year ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
Governmental activities:						
Instruction:						
Regular	\$ 32,721,906	3,024,511	4,465,750	(25,231,645)	-	(25,231,645)
Special	9,503,697	938,710	1,802,329	(6,762,658)	-	(6,762,658)
Other	6,811,142	745,744	46,253	(6,019,145)	-	(6,019,145)
	<u>49,036,745</u>	<u>4,708,965</u>	<u>6,314,332</u>	<u>(38,013,448)</u>	<u>-</u>	<u>(38,013,448)</u>
Support Service:						
Student	1,697,758	-	-	(1,697,758)	-	(1,697,758)
Instructional staff	3,645,976	-	-	(3,645,976)	-	(3,645,976)
Administration	5,251,380	-	-	(5,251,380)	-	(5,251,380)
Operating and maintenance of plant	4,919,762	64,516	4,348	(4,850,898)	-	(4,850,898)
Transportation	3,222,225	270,230	116,010	(2,835,985)	-	(2,835,985)
	<u>18,737,101</u>	<u>334,746</u>	<u>120,358</u>	<u>(18,281,997)</u>	<u>-</u>	<u>(18,281,997)</u>
Non-instructional programs:						
Nutrition services	37,411	-	-	(37,411)	-	(37,411)
Community Education services	122,336	-	-	(122,336)	-	(122,336)
	<u>159,747</u>	<u>-</u>	<u>-</u>	<u>(159,747)</u>	<u>-</u>	<u>(159,747)</u>
Other expenses:						
Other programs	663,755	-	-	(663,755)	-	(663,755)
Long-term debt interest	1,595,681	-	-	(1,595,681)	-	(1,595,681)
AEA support	2,307,835	-	2,307,835	-	-	-
	<u>4,567,271</u>	<u>-</u>	<u>2,307,835</u>	<u>(2,259,436)</u>	<u>-</u>	<u>(2,259,436)</u>
Total governmental activities	72,500,864	5,043,711	8,742,525	(58,714,628)	-	(58,714,628)
Business type activities:						
Non-instructional programs:						
Nutrition services	2,989,163	2,332,549	817,203	-	160,589	160,589
Preschool services	245,865	205,510	55,687	-	15,332	15,332
Daycare services	1,849,673	1,958,748	5,846	-	114,921	114,921
Community education services	795,752	813,678	9,212	-	27,138	27,138
Total business type activities	<u>5,880,453</u>	<u>5,310,485</u>	<u>887,948</u>	<u>-</u>	<u>317,980</u>	<u>317,980</u>
Total primary governmental activities	<u>\$ 78,381,317</u>	<u>10,354,196</u>	<u>9,630,473</u>	<u>(58,714,628)</u>	<u>317,980</u>	<u>(58,396,648)</u>

**Johnston Community School District
Statement of Activities
Year ended June 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
Totals continued from previous page	\$ 78,381,317	10,354,196	9,630,473	(58,714,628)	317,980	(58,396,648)
General revenues and transfers:						
Property tax levied for:						
General purposes				\$ 23,739,582	-	23,739,582
Debt service				3,614,999	-	3,614,999
Capital outlay				3,169,354	-	3,169,354
Statewide sales, services and use tax				5,336,410	-	5,336,410
Unrestricted state grants				24,769,091	-	24,769,091
Unrestricted investment earnings				46,852	-	46,852
Other				872,283	-	872,283
Transfers				65,000	(65,000)	-
Total general revenues and transfers				61,613,571	(65,000)	61,548,571
Change in net position				2,898,943	252,980	3,151,923
Net position beginning of year, as restated				81,698,178	2,992,375	84,690,553
Net position end of year				\$ 84,597,121	3,245,355	87,842,476

See notes to basic financial statements.

Johnston Community School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 11,122,579	9,708,313	5,998,497	3,103,008	29,932,397
Receivables:					
Property tax:					
Current year delinquent	82,132	13,515	11,849	2,772	110,268
Succeeding year	24,760,908	3,840,950	3,342,899	650,001	32,594,758
Accounts	34,429	-	-	4,802	39,231
Due from other governments	1,470,648	-	845,237	-	2,315,885
Inventories	49,391	-	-	-	49,391
Prepaid Expense	7,900	-	-	-	7,900
Total assets	\$ 37,527,987	13,562,778	10,198,482	3,760,583	65,049,830
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,162,946	-	131,572	115,532	1,410,050
Construction retainage payable	-	-	130,946	-	130,946
Construction contract payable	-	-	420,010	-	420,010
Salaries and benefits payable	6,617,948	-	-	-	6,617,948
Early retirement payable - due within one year	-	-	-	93,243	93,243
Deferred revenue:					
Succeeding year property tax	24,760,908	3,840,950	3,342,899	650,001	32,594,758
Other	116,137	-	-	-	116,137
Deposits	58,407	-	-	-	58,407
Total liabilities	32,716,346	3,840,950	4,025,427	858,776	41,441,499
Fund balances:					
Nonspendable for:					
Inventories	49,391	-	-	-	49,391
Restricted for:					
School infrastructure	-	-	4,348,440	-	4,348,440
Debt service	-	9,721,828	-	-	9,721,828
State categorical funding	742,491	-	-	-	742,491
Physical plant and equipment	-	-	1,824,615	-	1,824,615
Management levy purposes	-	-	-	2,138,161	2,138,161
Student activities	-	-	-	763,646	763,646
Unassigned	4,019,759	-	-	-	4,019,759
Total fund balances	4,811,641	9,721,828	6,173,055	2,901,807	23,608,331
Total liabilities and fund balances	\$ 37,527,987	13,562,778	10,198,482	3,760,583	65,049,830

See notes to basic financial statements.

Exhibit D

**Johnston Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2013**

Total fund balances of governmental funds (Exhibit C) \$ 23,608,331

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 99,016,190

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 5,311,750

Long-term liabilities, including bonds and notes payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

Capital lease payable	\$	(829,500)	
General obligation bonds payable		(40,620,000)	
Bond issuance costs		104,045	
Bond premiums		(592,045)	
Accrued interest		(143,136)	
Early retirement		(156,679)	
Portion of early retirement reflected on governmental funds		93,243	
Compensated absences		(148,926)	
Other post employment benefits		(1,046,152)	
		(43,339,150)	(43,339,150)

Net position of governmental activities (Exhibit A) \$ 84,597,121

See notes to basic financial statements.

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2013

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 22,964,453	3,615,000	8,503,155	775,128	35,857,736
Tuition	3,582,546	-	-	-	3,582,546
Other	1,250,511	15,179	82,508	1,018,922	2,367,120
Intermediate sources	98,961	-	-	-	98,961
State sources	31,648,589	792	694	185	31,650,260
Federal sources	1,765,183	-	4,349	-	1,769,532
Total revenues	61,310,243	3,630,971	8,590,706	1,794,235	75,326,155
Expenditures:					
Current:					
Instruction:					
Regular instruction	28,655,284	-	1,459,774	159,508	30,274,566
Special instruction	9,552,833	-	-	-	9,552,833
Other instruction	6,058,250	-	-	792,897	6,851,147
	44,266,367	-	1,459,774	952,405	46,678,546
Support services:					
Student services	1,721,594	-	-	11,880	1,733,474
Instructional staff services	2,582,974	-	1,414,120	-	3,997,094
Administration services	5,472,094	2,000	58,237	48,078	5,580,409
Operation and maintenance of plant services	4,421,638	-	137,604	339,865	4,899,107
Transportation services	2,676,424	-	564,867	105,431	3,346,722
	16,874,724	2,000	2,174,828	505,254	19,556,806
Non-instructional programs:					
Food service	-	-	-	50,075	50,075
Community service and education	35,760	-	92,030	6,922	134,712
	35,760	-	92,030	56,997	184,787
Capital outlay:					
Other expenditures	-	-	3,223,347	-	3,223,347
Debt Service:					
Other expenditures:					
Principal	-	4,910,369	-	-	4,910,369
Interest	-	1,577,488	-	-	1,577,488
Issuance costs	-	106,294	-	-	106,294
	-	6,594,151	-	-	6,594,151
Intergovernmental:					
Other expenditures	2,307,835	-	-	-	2,307,835
Total expenditures	63,484,686	6,596,151	6,949,979	1,514,656	78,545,472
Excess (deficiency) of revenues over (under) expenditures	(2,174,443)	(2,965,180)	1,640,727	279,579	(3,219,317)

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2013

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<i>Continued from previous page</i>					
Other financing sources (uses):					
Proceeds from sale of assets	-	-	8,652	-	8,652
Proceeds from capital leases / lease purchases	-	-	1,259,869	-	1,259,869
Proceeds from bond issuance	-	9,374,113	-	-	9,374,113
Transfers in	65,000	2,796,855	-	-	2,861,855
Transfers out	-	-	(2,796,855)	-	(2,796,855)
Total other financing sources (uses)	65,000	12,170,968	(1,528,334)	-	10,707,634
Net change in fund balances	(2,109,443)	9,205,788	112,393	279,579	7,488,317
Fund balances beginning of year, as restated	6,921,084	516,040	6,060,662	2,622,228	16,120,014
Fund balances end of year	\$ 4,811,641	9,721,828	6,173,055	2,901,807	23,608,331

See notes to basic financial statements.

Exhibit F

**Johnston Community School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds to the Statement of Activities
 Year ended June 30, 2013**

Net change in fund balances - total governmental funds (Exhibit E) \$ 7,488,317

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays:

From facilities acquisition	\$ 3,780,159	
Less current year depreciation	(3,510,268)	269,891

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities.

Current year items are as follows:

Execution of capital lease payable	(1,259,869)	
Issuance of bonds payable	(9,374,113)	
Issuance costs and discounts on bond issuance	106,294	
Repayments of bond and note principal	4,910,369	
Amortization of premiums and bond issuance costs	69,713	(5,547,606)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (18,193)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement - long-term	93,243	
Compensated absences	(3,848)	
Other postemployment benefits	(57,965)	31,430

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities. 675,104

Change in net position of governmental activities (Exhibit B) \$ 2,898,943

See notes to basic financial statements.

Exhibit G

**Johnston Community School District
Statement of Net Position
Proprietary Funds
June 30, 2013**

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,816,243	6,133,831
Receivables:		
Accounts	70,660	-
Prepaid expenses	-	19,988
Inventories	120,698	-
Total current assets	<u>3,007,601</u>	<u>6,153,819</u>
Non-current assets:		
Property and equipment:		
Machinery and equipment	2,320,631	-
Accumulated depreciation	(1,589,145)	-
Total non-current assets	<u>731,486</u>	<u>-</u>
Total assets	<u>3,739,087</u>	<u>6,153,819</u>
Liabilities		
Current liabilities:		
Accounts payable	105,954	26,166
Insurance claims liability	-	815,903
Accrued salaries and benefits payable	192,885	-
Unearned revenues	112,684	-
Compensated absences payable	20,515	-
Total current liabilities	<u>432,038</u>	<u>842,069</u>
Non-current liabilities:		
Other postemployment benefits payable	61,694	-
Total liabilities	<u>493,732</u>	<u>842,069</u>
Net Position		
Invested in capital assets	731,486	-
Restricted for:		
Flexible benefits	-	107,999
Unrestricted	2,513,869	5,203,751
Total net position	<u>\$ 3,245,355</u>	<u>5,311,750</u>

See notes to basic financial statements.

Exhibit H

Johnston Community School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	\$ 5,310,485	7,417,030
Operating expenses:		
Instructional programs:		
Instruction services:		
Depreciation	1,127	-
Other	440,756	-
	<u>441,883</u>	-
Support services:		
Other	444,969	6,741,926
Non-instructional programs:		
Food service operations:		
Depreciation	140,236	-
Other	2,610,268	-
	<u>2,750,504</u>	-
Community service operations:		
Depreciation	6,166	-
Other	2,236,931	-
	<u>2,243,097</u>	-
Total operating expenses	<u>5,880,453</u>	<u>6,741,926</u>
Operating income (loss)	<u>(569,968)</u>	<u>675,104</u>
Non-operating revenues:		
State sources	78,603	-
Federal sources	797,856	-
Contributions	9,043	-
Interest income	2,446	-
Total non-operating revenues	<u>887,948</u>	-
Non-operating expenses:		
Transfer out	65,000	-
Total non-operating expenses	<u>65,000</u>	-
Changes in net position	252,980	675,104
Net position beginning of year, as restated	<u>2,992,375</u>	<u>4,636,646</u>
Net position end of year	<u>\$ 3,245,355</u>	<u>5,311,750</u>

See notes to basic financial statements.

Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 2,332,715	-
Cash received from community services	2,969,364	7,417,030
Cash payments to employees for services	(3,433,676)	(6,730,351)
Cash payments to suppliers for goods or services	(2,052,897)	(187,358)
Net cash provided (used) by operating activities	<u>(184,494)</u>	<u>499,321</u>
Cash flows from non-capital financing activities:		
Operating contributions	9,044	-
State grants received	78,603	-
Federal grants received	621,839	-
Net cash provided by non-capital financing activities	<u>709,486</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(291,057)	-
Interfund loan	(182,068)	-
Transfers	(65,000)	-
Net cash used by capital and related financing activities	<u>(538,125)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>2,446</u>	<u>-</u>
Net increase in cash and cash equivalents	(10,687)	499,321
Cash and cash equivalents at beginning of year	<u>2,826,930</u>	<u>5,634,510</u>
Cash and cash equivalents at end of year	<u>\$ 2,816,243</u>	<u>6,133,831</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (569,968)	675,104
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	176,017	-
Depreciation	147,529	-
Decrease in accounts receivable	4,658	-
Decrease in due from other governments	9,061	-
(Increase) in inventories	(14,541)	-
(Increase) in prepaid expenses	-	(19,988)
Increase (decrease) in accounts payable	696	(132,129)
(Decrease) in insurance claims payable	-	(23,666)
Increase in salaries and benefits payable	71,917	-
(Decrease) in unearned revenue	(22,125)	-
Increase in compensated absences payable	3,081	-
Increase in other postemployment benefits payable	9,181	-
Net cash provided (used) by operating activities	<u>\$ (184,494)</u>	<u>499,321</u>

**Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013**

Business Type Activities	Governmental Activities
Non-major Enterprise Funds	Internal Service Fund

Continued from previous page

**Reconciliation of cash and cash equivalents at year end to
specific assets included on Combined Balance Sheet:**

Current assets:

Cash and investments	\$ 2,826,930	5,634,510
Cash and cash equivalents at year end	\$ 2,826,930	5,634,510

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received federal commodities valued at \$176,017.

See notes to basic financial statements.

(1) **Summary of Significant Accounting Policies**

The Johnston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Johnston, Iowa; portions of Urbandale, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Johnston Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Johnston Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Child Care Fund: This fund accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

Preschool Fund: This fund accounts for transactions for preschool programs with an instructional component for children who have not yet met the age requirement for school-aged education.

Community Education Fund: This fund accounts for transactions for facilities and services to provide further education opportunities to the local area.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service funds:

Self-Insurance Fund: This fund accounts for transactions for self-insured health insurances including medical, dental, prescription and vision received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

Flexible Benefits: This fund accounts for transactions for certain benefits available to District employees in which the District is responsible for paying all premiums or costs specified by the employee.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments. Federal and state grants are recorded as receivables and the revenue is recognized during the period in which the District fulfills the requirements for receiving the grant awards in the government-wide statements. In the governmental fund statements, the revenue must meet the measurable and available criteria. Amounts received for which legal claims or applicable requirements have not been met are recorded as deferred revenue. Certain intergovernmental revenues have been included to spend such funds only for the purpose reported.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,500

Capital assets (with the exception of land and construction in progress, which are not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of the succeeding year's property tax receivable and unspent grant proceeds.

Unearned revenue on the Statement of Net Position consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned grant proceeds.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The District has no vesting requirement and the earned but unused vacation is all considered a current liability.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Non-spendable – Amounts which cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Unassigned – All amounts not included in other spendable classifications. Negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

Restricted Net Position – In the government-wide Statement of Net Position, Net Position are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the following:

Iowa Schools Joint Investment Trust	
Diversified Portfolio	\$ 14,276,555
Wells Fargo Bank Money Market	6,088,688
Checking Accounts	9,567,154
	<u>\$ 29,932,397</u>

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the IPASeducation program were both rated Aaa by Moody's Investors Service. The fair value of the District's position in these programs is the same as the value of the program shares. The investments in Wells Fargo are primarily invested in U.S. Treasury securities. The District is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa, and certain joint investment trusts. The District may also invest in commercial paper or other short-term corporate debt that matures within two hundred seventy days that is rated in the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

Concentration of credit risk. The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet all anticipated cash requirements. The District's policy further restricts investments in short-term corporate debt and commercial paper to no more than 30 percent of the investment portfolio of the District and no more than 5 percent of the investment portfolio can be invested in the securities of a single issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(3) Due from Other Governments

The detail of due from other governments for the year ended June 30, 2013 is as follows:

Due from other districts	\$ 1,104,292
Due from the State of Iowa - Local sources	846,266
Due from the State of Iowa - State sources	162,602
Due from the State of Iowa - Federal sources	202,725
	<u>\$ 2,315,885</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects Fund - Physical Plant and Equipment Levy	\$ 751,487
Debt Service Fund	Capital Projects Fund - Statewide Sales, Services and Use Tax	2,045,368
General Fund	Community Daycare Fund	65,000
		<u>\$ 2,861,855</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,285,261	-	-	9,285,261
Construction in progress	4,454,676	2,561,189	5,585,428	1,430,437
Total capital assets not being depreciated	<u>13,739,937</u>	<u>2,561,189</u>	<u>5,585,428</u>	<u>10,715,698</u>
Capital assets being depreciated:				
Buildings	108,353,711	5,062,013	-	113,415,724
Improvements other than buildings	6,813,424	424,626	-	7,238,050
Furniture and equipment	6,892,364	1,317,759	-	8,210,123
Total capital assets being depreciated	<u>122,059,499</u>	<u>6,804,398</u>	<u>-</u>	<u>128,863,897</u>
Less accumulated depreciation for:				
Buildings	30,406,726	2,318,653	-	32,725,379
Improvements other than buildings	2,353,572	313,237	-	2,666,809
Furniture and equipment	4,292,839	878,378	-	5,171,217
Total accumulated depreciation	<u>37,053,137</u>	<u>3,510,268</u>	<u>-</u>	<u>40,563,405</u>
Total capital assets being depreciated, net	<u>85,006,362</u>	<u>3,294,130</u>	<u>-</u>	<u>88,300,492</u>
Governmental activities capital assets, net	<u>\$ 98,746,299</u>	<u>5,855,319</u>	<u>5,585,428</u>	<u>99,016,190</u>
Business type activities:				
Furniture and equipment	\$ 2,029,574	291,057	-	2,320,631
Less accumulated depreciation	1,441,616	147,529	-	1,589,145
Business-type activities capital assets, net	<u>\$ 587,958</u>	<u>143,528</u>	<u>-</u>	<u>731,486</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular

\$ 2,696,432

Other

1,230

Support services:

Instructional staff services

253,067

Administration

30,007

Operation and maintenance of plant

91,031

Transportation

438,501

Total depreciation expense - governmental activities

\$ 3,510,268

Business type activities:

Food services

\$ 140,236

Community Daycare

3,459

Community Preschool

1,127

Community Education

2,707

\$ 147,529

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 35,630,000	8,740,000	3,750,000	40,620,000	3,915,000
Bond issuance costs and discounts	(12,614)	(106,295)	14,864	(104,045)	(14,864)
Bond premiums	42,509	634,113	84,577	592,045	84,577
Capital loan notes	730,000	-	730,000	-	-
Capital lease payable	-	1,259,869	430,369	829,500	409,630
Early retirement	290,415	-	133,736	156,679	93,243
Net OPEB liability	988,187	285,005	227,040	1,046,152	-
Compensated absences	145,078	3,848	-	148,926	148,926
Total	\$ 37,813,575	10,816,540	5,370,586	43,289,257	4,636,512
Business type activities:					
Net OPEB liability	\$ 52,512	46,142	36,960	61,694	-
Compensated absences	17,434	3,353	272	20,515	20,515
Total	\$ 69,946	49,495	37,232	82,209	20,515

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Bond was issued for the purpose of providing funds to build and furnish a new elementary school; build and furnish additions to and remodel, improve and furnish Johnston Middle School; build and furnish additions to and remodel and improve Johnston High School; build and furnish an addition to the bus garage; improve athletic fields and facilities; build and furnish additions to and remodel and improve the existing elementary buildings; and purchase land for future school site.

\$26,500,000 Bond Issue of February 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2014	5.000%	1,700,000	950,681	2,650,681
2015	4.500%	1,815,000	865,681	2,680,681
2016	4.000%	3,190,000	784,006	3,974,006
2017	4.000%	3,700,000	656,406	4,356,406
2018	4.100%	3,875,000	508,406	4,383,406
2019	4.250%	4,075,000	349,531	4,424,531
2020	4.125%	4,275,000	176,344	4,451,344
Subtotal		22,630,000	4,291,055	26,921,055

Bond was issued to pay costs of refunding existing general obligation indebtedness.

\$10,420,000 Bond Issue of May 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2014	4.0%	1,450,000	127,400	1,577,400
2015	4.0%	1,480,000	69,400	1,549,400
2016	4.0%	255,000	10,200	265,200
Subtotal		3,185,000	207,000	3,392,000

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(6) *Long-Term Liabilities*
General Obligation Bonds Payable (continued from previous page)

Bond was issued for the purpose of providing funds to build and furnish a new elementary school; build and furnish additions to and remodel, improve and furnish Johnston Middle School; build and furnish additions to and remodel and improve Johnston High School; build and furnish an addition to the bus garage; improve athletic fields and facilities; build and furnish additions to and remodel and improve the existing elementary buildings; and purchase land for future school site.

\$10,000,000 Bond Issue of August 1, 2007				
Year ended June 30,	Rates	Principal	Interest	Total
2014	4.000%	765,000	248,408	1,013,408
2015	5.000%	800,000	215,896	1,015,896
2016	4.500%	825,000	181,896	1,006,896
2017	4.000%	860,000	148,896	1,008,896
2018	4.000%	900,000	114,496	1,014,496
2019	4.100%	940,000	78,046	1,018,046
2020	4.250%	975,000	38,976	1,013,976
Subtotal		6,065,000	1,026,614	7,091,614

Bond was issued to pay costs of refunding existing general obligation indebtedness.

\$8,740,000 Bond Issue of December 20, 2012				
Year ended June 30,	Rates	Principal	Interest	Total
2014	2.0%	-	174,800	174,800
2015	2.0%	-	174,800	174,800
2016	2.0%	175,000	174,800	349,800
2017	2.0%	170,000	171,300	341,300
2018	2.0%	170,000	167,900	337,900
2019	2.0%	4,060,000	164,500	4,224,500
2020	2.0%	4,165,000	83,300	4,248,300
Subtotal		8,740,000	1,111,400	9,851,400

Totals			
Year ended June 30,	Principal	Interest	Total
2014	3,915,000	1,501,289	5,416,289
2015	4,095,000	1,325,777	5,420,777
2016	4,445,000	1,150,902	5,595,902
2017	4,730,000	976,602	5,706,602
2018	4,945,000	790,802	5,735,802
2019	9,075,000	592,077	9,667,077
2020	9,415,000	298,620	9,713,620
Total	\$ 40,620,000	6,636,069	47,256,069

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(6) *Long-Term Liabilities*
Capital Loan Notes Payable

The District entered into a capital lease arrangement for the purchase of computer equipment for the District. The following is a schedule of the future minimum payments required under the lease together with its present value as of June 30, 2013:

Year Ending June 30,	Apple, Inc. Capital Lease	
	2013	Total
2014	\$ 430,367	430,367
2015	430,367	430,367
2016	-	-
Total minimum lease payments	860,734	860,734
Less amount representing interest	31,234	31,234
Present value of minimum lease payments	\$ 829,500	829,500

Early Retirement

There was no early retirement plan offered to District employees for 2013. However, the District has offered voluntary early retirement plans to its employees in the past with application for early retirement subject to approval by the Board of Education. The most recent plan required eligible employees to have completed at least ten years of full-time service within the prior twelve consecutive years to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement was to commence. No more than ten employees were allowed to retire in any given year with priority given to employees with the longest tenure of service.

Early retirement benefits were equal to 50% of the average of the employee's highest three year's contractual salary in the twelve years prior to retirement plus accumulated sick leave cash-out. Early retirement cash benefit amounts were placed in a State RIC 403(b) plan as directed by the employee in the July immediately following retirement.

Before the most recent voluntary early retirement plan described above, there was a voluntary early retirement plan that consisted of both a stipend paid to a 403b account representing 30% of employee's high three year average and a single insurance benefit covering employees until Medicare eligible.

At June 30, 2013, the District had obligations to 22 participants with a total liability of \$156,679 which was due to health insurance liabilities from the older early retirement plan. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$226,979.

This long-term liability is generally liquidated with funds from the Non-major Special Revenue Fund – Management Levy.

(7) **Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$3,035,314, \$3,158,883, and \$2,614,606, respectively, equal to the required contributions for each year.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(8) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 731 active and 30 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 10 years within the 12 consecutive years prior to the retirement year. The plan does not issue a standalone report.

The medical/prescription drug coverage is provided through a self-funded insurance program administered by a third party administrator. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	2013	2012	2011
Annual required contribution	\$ 420,000	420,000	732,000
Interest on net OPEB obligation	46,831	40,000	24,570
Adjustment to annual required contribution	(135,684)	(34,000)	(20,872)
Annual OPEB cost	331,147	426,000	735,698
Contributions made	(264,000)	(264,000)	(403,000)
Increase in net OPEB obligation	67,147	162,000	332,698
Net OPEB obligation beginning of year	1,040,699	878,699	546,001
Net OPEB obligation end of year	<u>\$ 1,107,846</u>	<u>1,040,699</u>	<u>878,699</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$264,000 to the medical plan. Plan members eligible for benefits contributed \$193,183 to the plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 735,698	45.86%	\$ 878,699
June 30, 2012	426,000	61.97%	1,040,699
June 30, 2013	331,147	79.70%	1,107,846

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$3.22 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.22 million. The covered payroll (annual payroll of active employees covered by the plan) was \$36,235,755, and the ratio of the UAAL to covered payroll was 8.9%. As of June 30, 2013, there were no trust fund assets.

(8) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual healthcare cost trend rate is 9%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5.0% ultimate trend rate. The inflation rate is 0%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$770 per month for retirees less than age 65 and \$578 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years. Information regarding the inflation rate investment return and post-retirement benefit increases was not available.

This long-term liability is generally liquidated with funds from the General Fund or Proprietary Funds.

(9) **Risk Management**

Johnston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2013, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to \$60,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2005 through June 30, 2013.

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to \$1,000 per individual per year.

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of \$815,903 reported at June 30, 2013 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

Johnston Community School District
Notes to Financial Statements
Year ended June 30, 2013

(9) *Risk Management (continued from previous page)*

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

Changes in the reported liability since July 1, 2011 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012	\$ 821,292	6,902,759	(6,884,482)	839,569
2013	839,569	6,684,776	(6,708,442)	815,903

(10) **Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,307,835 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) **Construction Commitment**

The District has entered into contracts totaling \$1,430,437 for the construction of an addition to Timber Ridge School and tennis courts. As of June 30, 2013, costs of \$962,614 had been incurred against the contracts. The balance of \$467,823 remaining at June 30, 2013 will be paid as work on the project progresses.

Project	Contract Amount	Costs through June 30, 2013
Timber Ridge School	\$ 374,013	374,013
Tennis Courts	1,090,445	1,056,424
	<u>\$ 1,464,458</u>	<u>1,430,437</u>

(12) **Operating Leases**

The District leases copy machines under noncancelable operating leases. Total costs for such leases were approximately \$73,126 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

Year ending June 30:	
2014	\$ 122,434
2015	62,340
2016	62,340
2017	62,340
2018	51,950
	<u>\$ 361,404</u>

(13) **Restatement**

Beginning fund balance in the Capital Projects Fund, Statewide Sales, Services and Use Tax account, was restated by \$209,582. The restatement is caused by a reallocation of an interfund loan in the amount of \$182,068 with the Nutrition Fund and a \$27,514 reclassification of a change order for the summit building project. Beginning fund balance in the Nutrition Fund was restated by \$182,068, due to a reallocation of an interfund loan. Beginning net position in the Governmental Funds was restated by \$209,582.

Required Supplementary Information

Johnston Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Employer Contributions
2010	July 1, 2009	\$ -	5,200,000	5,200,000	0.0%	\$ 31,542,587	16.5%	\$ 402,999
2011	July 1, 2009	-	5,200,000	5,200,000	0.0%	32,049,990	16.2%	403,000
2012	July 1, 2011	-	3,220,000	3,220,000	0.0%	35,990,188	8.9%	264,000
2013	July 1, 2011	-	3,220,000	3,220,000	0.0%	36,235,755	8.9%	264,000

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report

Johnston Community School District
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 41,807,402	5,321,974	47,129,376	46,702,958	426,418
Intermediate sources	98,961	-	98,961	92,000	6,961
State sources	31,650,260	78,603	31,728,863	31,931,761	(202,898)
Federal sources	1,769,532	797,856	2,567,388	2,471,000	96,388
Total revenues	75,326,155	6,198,433	81,524,588	81,197,719	326,869
Expenditures:					
Instruction	46,678,546	441,883	47,120,429	49,688,240	2,567,811
Support services	19,556,806	444,969	20,001,775	24,151,860	4,150,085
Noninstructional programs	184,787	4,993,601	5,178,388	7,561,119	2,382,731
Other expenditures	12,125,333	-	12,125,333	16,784,182	4,658,849
Total expenditures	78,545,472	5,880,453	84,425,925	98,185,401	13,759,476
Excess (deficiency) of revenues over (under) expenditures	(3,219,317)	317,980	(2,901,337)	(16,987,682)	14,086,345
Other financing sources (uses), net	10,707,634	(65,000)	10,642,634	-	10,642,634
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	7,488,317	252,980	7,741,297	(16,987,682)	24,728,979
Balances beginning of year, as restated	16,120,014	2,992,375	19,112,389	16,987,682	2,124,707
Balances end of year	\$ 23,608,331	3,245,355	26,853,686	-	26,853,686

See accompanying independent auditor's report.

Johnston Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2013

Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted in any functional area. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$2,307,835 for the year ended June 30, 2013.

Supplementary Information

Johnston Community School District
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

Assets	Management	Student Activity	Total
Current assets:			
Cash and pooled investments	\$ 2,319,060	783,948	3,103,008
Receivables:			
Accounts	150	4,652	4,802
Property tax:			
Current year delinquent	2,772	-	2,772
Succeeding year	650,001	-	650,001
Total assets	\$ 2,971,983	788,600	3,760,583
Liabilities and Fund Balances			
Current liabilities:			
Accounts payable	\$ 90,578	24,954	115,532
Early retirement payable	93,243	-	93,243
Deferred revenue:			
Succeeding year property tax	650,001	-	650,001
Total liabilities	833,822	24,954	858,776
Fund balances:			
Restricted for:			
Management levy purposes	2,138,161	-	2,138,161
Student activities	-	763,646	763,646
Total fund balances	2,138,161	763,646	2,901,807
Total liabilities and fund balances	\$ 2,971,983	788,600	3,760,583

See accompanying independent auditor's report.

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2013

	Management	Student Activity	Total
Revenues:			
Local sources:			
Local tax:			
Property tax	\$ 752,115	-	752,115
Utility tax replacement excise tax	22,310	-	22,310
Mobile home tax	703	-	703
	<u>775,128</u>	<u>-</u>	<u>775,128</u>
Other local sources:			
Student activities	-	739,528	739,528
Donations	-	65,158	65,158
Other local revenue	49,484	164,752	214,236
	<u>49,484</u>	<u>969,438</u>	<u>1,018,922</u>
	<u>824,612</u>	<u>969,438</u>	<u>1,794,050</u>
State sources:			
Revenue in lieu of taxes :			
Military credit	185	-	185
Total revenues	<u>824,797</u>	<u>969,438</u>	<u>1,794,235</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction:			
Benefits	155,550	-	155,550
Property	3,958	-	3,958
	<u>159,508</u>	<u>-</u>	<u>159,508</u>
Co-curricular instruction:			
Purchased services	-	142,908	142,908
Supplies	-	577,390	577,390
Property	-	43,664	43,664
Other	-	28,935	28,935
	<u>-</u>	<u>792,897</u>	<u>792,897</u>
Total instruction	<u>159,508</u>	<u>792,897</u>	<u>952,405</u>

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2013

	Management	Student Activity	Total
<i>Continued from previous page</i>			
Expenditures:			
Current:			
Support Services:			
Student support:			
Benefits	11,880	-	11,880
Administration:			
Benefits	23,432	-	23,432
Purchased services	23,929	568	24,497
Supplies	149	-	149
	<u>47,510</u>	<u>568</u>	<u>48,078</u>
Plant operation and maintenance:			
Benefits	21,323	-	21,323
Purchased services	318,542	-	318,542
	<u>339,865</u>	<u>-</u>	<u>339,865</u>
Student transportation:			
Benefits	29,572	-	29,572
Purchased services	75,859	-	75,859
	<u>105,431</u>	<u>-</u>	<u>105,431</u>
Total support services	<u>504,686</u>	<u>568</u>	<u>505,254</u>
Non-instructional Programs:			
Food services			
Benefits	50,075	-	50,075
Community service & education:			
Benefits	6,922	-	6,922
Total non-instructional programs	<u>56,997</u>	<u>-</u>	<u>56,997</u>
Total expenditures	<u>721,191</u>	<u>793,465</u>	<u>1,514,656</u>
Excess of revenues over expenditures	103,606	175,973	279,579
Fund balances beginning of year	2,034,555	587,673	2,622,228
Fund balances end of year	<u>\$ 2,138,161</u>	<u>763,646</u>	<u>2,901,807</u>

See accompanying independent auditor's report.

Schedule 3

**Johnston Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2013**

		Capital Projects		
		Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments		\$ 4,040,146	1,958,351	5,998,497
Receivables:				
Property tax:				
Current year delinquent		-	11,849	11,849
Succeeding year		-	3,342,899	3,342,899
Intergovernmental		845,237	-	845,237
Total assets		\$ 4,885,383	5,313,099	10,198,482
Liabilities and Fund Balances				
Liabilities:				
Accounts payable		\$ 4,688	126,884	131,572
Construction retainage payable		112,245	18,701	130,946
Construction contracts payable		420,010	-	420,010
Deferred revenue:				
Succeeding year property tax		-	3,342,899	3,342,899
Total liabilities		536,943	3,488,484	4,025,427
Fund balances:				
Restricted for:				
School infrastructure		4,348,440	-	4,348,440
Physical plant and equipment		-	1,824,615	1,824,615
Total fund balances		4,348,440	1,824,615	6,173,055
Total liabilities and fund balances		\$ 4,885,383	5,313,099	10,198,482

See accompanying independent auditor's report.

Schedule 4

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 5,336,410	3,166,745	8,503,155
Other	3,881	78,627	82,508
State sources	-	694	694
Federal sources	-	4,349	4,349
Total revenues	<u>5,340,291</u>	<u>3,250,415</u>	<u>8,590,706</u>
Expenditures:			
Current:			
Instructional Services:			
Regular instruction	1,259,869	199,905	1,459,774
Support Services:			
Instructional staff services	1,401,925	12,195	1,414,120
Administration	29,323	28,914	58,237
Plant operation and maintenance	-	137,604	137,604
Transportation	-	564,867	564,867
Other expenditures			
Community services	92,030	-	92,030
Facilities acquisition	1,310,254	1,913,093	3,223,347
Total expenditures	<u>4,093,401</u>	<u>2,856,578</u>	<u>6,949,979</u>
Excess (deficiency) of revenues over (under) expenditures	1,246,890	393,837	1,640,727
Other financing uses:			
Proceeds from sale of assets	-	8,652	8,652
Proceeds from capital leases / lease purchases	1,259,869	-	1,259,869
Operating transfers out	(2,045,368)	(751,487)	(2,796,855)
Total other financing uses	<u>(785,499)</u>	<u>(742,835)</u>	<u>(1,528,334)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	461,391	(348,998)	112,393
Fund balances beginning of year, as restated	<u>3,887,049</u>	<u>2,173,613</u>	<u>6,060,662</u>
Fund balances end of year	<u>\$ 4,348,440</u>	<u>1,824,615</u>	<u>6,173,055</u>

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2013

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 306,208	802,086	101,818	1,606,131	2,816,243	5,999,666	134,165	6,133,831
Receivables:								
Accounts	41,211	26,420	3,029	-	70,660	-	-	-
Prepaid expenses	-	-	-	-	-	19,988	-	19,988
Inventories	-	-	-	120,698	120,698	-	-	-
Total current assets	<u>347,419</u>	<u>828,506</u>	<u>104,847</u>	<u>1,726,829</u>	<u>3,007,601</u>	<u>6,019,654</u>	<u>134,165</u>	<u>6,153,819</u>
Non-current assets:								
Property and equipment:								
Machinery and equipment	38,380	106,805	7,483	2,167,963	2,320,631	-	-	-
Accumulated depreciation	(32,849)	(87,673)	(4,967)	(1,463,656)	(1,589,145)	-	-	-
Total non-current assets	<u>5,531</u>	<u>19,132</u>	<u>2,516</u>	<u>704,307</u>	<u>731,486</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>352,950</u>	<u>847,638</u>	<u>107,363</u>	<u>2,431,136</u>	<u>3,739,087</u>	<u>6,019,654</u>	<u>134,165</u>	<u>6,153,819</u>
Liabilities								
Current liabilities:								
Accounts payable	14,316	40,838	436	50,364	105,954	-	26,166	26,166
Insurance claims liability	-	-	-	-	-	815,903	-	815,903
Accrued salaries and benefits payable	63,282	159	1,735	127,709	192,885	-	-	-
Unearned revenue	-	32,247	-	80,437	112,684	-	-	-
Compensated absences	2,508	11,831	751	5,425	20,515	-	-	-
Total current liabilities	<u>80,106</u>	<u>85,075</u>	<u>2,922</u>	<u>263,935</u>	<u>432,038</u>	<u>815,903</u>	<u>26,166</u>	<u>842,069</u>
Non-current liabilities:								
Other postemployment benefits payable	4,088	14,447	5,638	37,521	61,694	-	-	-
Total liabilities	<u>84,194</u>	<u>99,522</u>	<u>8,560</u>	<u>301,456</u>	<u>493,732</u>	<u>815,903</u>	<u>26,166</u>	<u>842,069</u>
Net Position								
Invested in capital assets	5,531	19,132	2,516	704,307	731,486	-	-	-
Restricted for:								
Flexible benefits	-	-	-	-	-	-	107,999	107,999
Unrestricted	263,225	728,984	96,287	1,425,373	2,513,869	5,203,751	-	5,203,751
Total Net Position	<u>\$ 268,756</u>	<u>748,116</u>	<u>98,803</u>	<u>2,129,680</u>	<u>3,245,355</u>	<u>5,203,751</u>	<u>107,999</u>	<u>5,311,750</u>

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Operating revenues:								
Local sources:								
Other local sources:								
Food service sales	\$ -	-	-	2,319,212	2,319,212	-	-	-
Daycare service fees	-	1,958,748	-	-	1,958,748	-	-	-
Community education fees	612,416	-	205,510	-	817,926	-	-	-
Charges for services	-	-	-	-	-	6,969,413	447,617	7,417,030
Other operating income	201,262	-	-	13,337	214,599	-	-	-
Total operating revenues	813,678	1,958,748	205,510	2,332,549	5,310,485	6,969,413	447,617	7,417,030
Operating expenses:								
Instructional programs:								
Instructional services:								
Salaries	-	-	141,592	-	141,592	-	-	-
Benefits	-	-	52,706	-	52,706	-	-	-
Services	27,141	-	42,627	-	69,768	-	-	-
Supplies	41,694	-	6,925	-	48,619	-	-	-
Other	353	126,898	820	-	128,071	-	-	-
Depreciation	-	-	1,127	-	1,127	-	-	-
	69,188	126,898	245,797	-	441,883	-	-	-
Support Services:								
Administrative services:								
Salaries	-	75,723	-	67,317	143,040	-	-	-
Benefits	-	22,550	-	31,567	54,117	6,254,767	453,675	6,708,442
Services	11,557	44,531	-	82,852	138,940	33,484	-	33,484
	11,557	142,804	-	181,736	336,097	6,288,251	453,675	6,741,926
Operation and maintenance services:								
Salaries	-	-	-	8,120	8,120	-	-	-
Benefits	-	-	-	2,755	2,755	-	-	-
Services	4,103	594	-	15,534	20,231	-	-	-
Supplies	-	-	-	30,514	30,514	-	-	-
	4,103	594	-	56,923	61,620	-	-	-
Transportation services:								
Services	-	47,184	68	-	47,252	-	-	-
	-	47,184	68	-	47,252	-	-	-
	15,660	190,582	68	238,659	444,969	6,288,251	453,675	6,741,926
Non-instructional programs:								
Food services operations:								
Salaries	-	-	-	894,022	894,022	-	-	-
Benefits	-	-	-	329,342	329,342	-	-	-
Services	-	-	-	78,421	78,421	-	-	-
Supplies	-	-	-	1,306,995	1,306,995	-	-	-
Other	-	-	-	1,488	1,488	-	-	-
Depreciation	-	-	-	140,236	140,236	-	-	-
	-	-	-	2,750,504	2,750,504	-	-	-
Community service operations:								
Salaries	477,188	1,086,844	-	-	1,564,032	-	-	-
Benefits	97,607	230,522	-	-	328,129	-	-	-
Services	7,150	6,318	-	-	13,468	-	-	-
Supplies	126,252	205,050	-	-	331,302	-	-	-
Other	-	-	-	-	-	-	-	-
Depreciation	2,707	3,459	-	-	6,166	-	-	-
	710,904	1,532,193	-	-	2,243,097	-	-	-
	710,904	1,532,193	-	2,750,504	4,993,601	-	-	-
Total operating expenses	795,752	1,849,673	245,865	2,989,163	5,880,453	6,288,251	453,675	6,741,926
Operating income (loss)	17,926	109,075	(40,355)	(656,614)	(569,968)	681,162	(6,058)	675,104

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities					Governmental Activities		
	Enterprise Funds					Internal Service Funds		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
<i>Continued from previous page</i>								
Non-operating revenues:								
State grants	-	-	55,628	-	55,628	-	-	-
State lunch and breakfast program claims	-	-	-	22,975	22,975	-	-	-
National School Lunch Program	-	-	-	554,733	554,733	-	-	-
School Breakfast Program	-	-	-	62,036	62,036	-	-	-
Federal food commodities revenue	-	-	-	176,017	176,017	-	-	-
Child and Adult Care Food Program	-	5,070	-	-	5,070	-	-	-
Contributions	9,043	-	-	-	9,043	-	-	-
Interest income	169	776	59	1,442	2,446	-	-	-
Total non-operating revenues	9,212	5,846	55,687	817,203	887,948	-	-	-
Non-operating expense								
Transfer out	-	65,000	-	-	65,000	-	-	-
Total non-operating expenses	-	65,000	-	-	65,000	-	-	-
Changes in Net Position	27,138	49,921	15,332	160,589	252,980	681,162	(6,058)	675,104
Net Position beginning of year, as restated	241,618	698,195	83,471	1,969,091	2,992,375	4,522,589	114,057	4,636,646
Net Position end of year	\$ 268,756	748,116	98,803	2,129,680	3,245,355	5,203,751	107,999	5,311,750

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Business Type Activities					Governmental Activities		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Cash flows from operating activities:								
Cash received from sale of lunches and breakfasts	\$ -	-	-	2,332,715	2,332,715	-	-	-
Cash received from community services	821,052	1,936,770	211,542	-	2,969,364	6,969,413	447,617	7,417,030
Cash payments to employees for services	(511,951)	(1,412,975)	(191,716)	(1,317,034)	(3,433,676)	(6,278,433)	(451,918)	(6,730,351)
Cash payments to suppliers for goods or services	(229,726)	(455,867)	(56,218)	(1,311,086)	(2,052,897)	(187,358)	-	(187,358)
Net cash provided (used) by operating activities	79,375	67,928	(36,392)	(295,405)	(184,494)	503,622	(4,301)	499,321
Cash flows from non-capital financing activities:								
Operating contributions	9,044	-	-	-	9,044	-	-	-
State grants received	-	-	55,628	22,975	78,603	-	-	-
Federal grants received	-	5,070	-	616,769	621,839	-	-	-
Net cash provided by non-capital financing activities	9,044	5,070	55,628	639,744	709,486	-	-	-
Cash flows from capital and related financing activities:								
Acquisition of capital assets	-	(12,554)	(861)	(277,642)	(291,057)	-	-	-
Interfund loan	-	-	-	(182,068)	(182,068)	-	-	-
Transfers	-	(65,000)	-	-	(65,000)	-	-	-
Net cash used by capital and related financing activities	-	(77,554)	(861)	(459,710)	(538,125)	-	-	-
Cash flows from investing activities:								
Interest on investments	169	776	59	1,442	2,446	-	-	-
Net increase (decrease) in cash and cash equivalents	88,588	(3,780)	18,434	(113,929)	(10,687)	503,622	(4,301)	499,321
Cash and cash equivalents at beginning of year	217,620	805,866	83,384	1,720,060	2,826,930	5,496,044	138,466	5,634,510
Cash and cash equivalents at end of year	\$ 306,208	802,086	101,818	1,606,131	2,816,243	5,999,666	134,165	6,133,831
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 17,926	109,075	(40,355)	(656,614)	(569,968)	681,162	(6,058)	675,104
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Commodities used	-	-	-	176,017	176,017	-	-	-
Depreciation	2,707	3,459	1,127	140,236	147,529	-	-	-
(Increase) decrease in accounts receivable	7,374	313	(3,029)	-	4,658	-	-	-
Decrease in due from other governments	-	-	9,061	-	9,061	-	-	-
(Increase) in inventories	-	-	-	(14,541)	(14,541)	-	-	-
(Increase) in prepaid expenses	-	-	-	-	-	(19,988)	-	(19,988)
Increase (decrease) in accounts payable	(11,476)	(25,292)	(5,778)	43,242	696	(133,886)	1,757	(132,129)
(Decrease) in insurance claims liability	-	-	-	-	-	(23,666)	-	(23,666)
Increase (decrease) in salaries and benefits payable	62,973	(1,244)	51	10,137	71,917	-	-	-
Increase (decrease) in unearned revenues	-	(22,291)	-	166	(22,125)	-	-	-
Increase (decrease) in compensated absences	(271)	3,065	22	265	3,081	-	-	-
Increase in other post-employment benefits	142	843	2,509	5,687	9,181	-	-	-
Net cash provided (used) by operating activities	\$ 79,375	67,928	(36,392)	(295,405)	(184,494)	503,622	(4,301)	499,321

**Johnston Community School District
 Combining Statement of Cash Flows
 Proprietary Funds
 Year ended June 30, 2013**

	Business Type Activities					Governmental Activities		
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
<i>Continued from previous page</i>								
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:								
Current assets:								
Cash and investments	\$ 306,208	802,086	101,818	1,606,131	2,816,243	5,999,666	134,165	6,133,831
Cash and cash equivalents at year end	<u>\$ 306,208</u>	<u>802,086</u>	<u>101,818</u>	<u>1,606,131</u>	<u>2,816,243</u>	<u>5,999,666</u>	<u>134,165</u>	<u>6,133,831</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received federal commodities valued at \$176,017.

See accompanying independent auditor's report.

Schedule 8

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2013

Governmental funds capital assets

Land and improvements	\$ 16,523,311
Buildings and improvements	113,415,724
Vehicles, furniture and equipment	8,210,123
Construction in progress	<u>1,430,437</u>

Total governmental funds capital assets \$ 139,579,595

Investments in governmental funds capital assets by source

General Fund	\$ 10,300,496
Special Revenue Funds	90,585
Capital Projects Funds	<u>129,188,514</u>

Total governmental funds capital assets \$ 139,579,595

See accompanying independent auditor's report.

Schedule 9

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2013

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Construction in Progress	Total
Instruction	\$ 15,058,666	110,674,053	2,004,325	1,430,437	129,167,481
Other instruction	371,476	61,506	-	-	432,982
Support services - instructional staff	441,545	-	1,276,439	-	1,717,984
Administration	328,878	1,118,324	225,018	-	1,672,220
Operation and maintenance of plant services	71,519	1,561,841	646,994	-	2,280,354
Student transportation services	251,227	-	4,057,347	-	4,308,574
Total	<u>\$ 16,523,311</u>	<u>113,415,724</u>	<u>8,210,123</u>	<u>1,430,437</u>	<u>139,579,595</u>

See accompanying independent auditor's report.

Schedule 10

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year ended June 30, 2013

Function and Activity	July 1, 2012	Additions	Deletions	June 30, 2013
Instruction	\$ 126,570,702	8,182,207	5,585,428	129,167,481
Other instruction	432,982	-	-	432,982
Support services - instructional staff	1,126,405	591,579	-	1,717,984
Administration	1,672,220	-	-	1,672,220
Operation and maintenance of plant services	2,231,384	48,970	-	2,280,354
Student transportation services	3,765,743	542,831	-	4,308,574
Total	<u>\$ 135,799,436</u>	<u>9,365,587</u>	<u>5,585,428</u>	<u>139,579,595</u>

See accompanying independent auditor's report.

Johnston Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balanced End of Year
Elementary Schools:					
Lawson Elementary	\$ 2,404	-	-	-	2,404
Wallace Elementary	2,074	-	621	-	1,453
Beaver Creek Elementary	2,500	-	-	-	2,500
Student activity	1,612	-	-	-	1,612
Summit Middle School:					
Student Council	2,137	6,504	6,596	-	2,045
Yearbook	14,598	19,023	19,858	-	13,763
Vocal Music	4,930	1,025	2,214	-	3,741
Instrumental Music	3,811	5,755	5,050	-	4,516
Tech Club	21,854	12,202	5,073	-	28,983
Lego Robotics	-	2,652	859	-	1,793
Cheerleading	6,158	-	-	-	6,158
Food Assistance	1,558	-	-	-	1,558
SOS	100	-	-	-	100
Middle School:					
Dragon Express	470	-	-	-	470
Student Council	1,493	1,222	1,225	-	1,490
Yearbook	16,414	20,094	20,603	-	15,905
Vocal Music	8,884	50,132	42,801	-	16,215
Instrumental Music	5,654	6,323	3,659	-	8,318
Student Management	10,827	338	327	-	10,838
Cheerleading	131	-	-	-	131
MS Pride	154	-	-	-	154
Art Club	59	20	67	-	12
French Club	-	1,776	1,762	-	14
Spanish Club	236	812	872	-	176
Tech Club	1,836	2,515	2,766	-	1,585
High School:					
Environmental Club	90	342	75	-	357
Spanish Club	3,648	-	-	-	3,648
Drama Club	2,639	1,468	2,185	-	1,922
Student Council	13,677	39,236	38,007	-	14,906
National Honor Society	618	1,680	2,158	-	140
Archery	1,433	3,673	3,194	-	1,912
Senior Class	8,891	13,797	16,388	-	6,300
Yearbook	111,858	67,892	46,139	(969)	132,642
Academic Competition	800	1,850	3,619	969	-
Instrumental Music	1,074	-	-	-	1,074
Vocal Music	12,983	94,199	74,850	-	32,332
Circle of Friends	464	1,182	672	-	974
SADD	157	-	-	-	157
Diversity Committee	100	-	-	-	100
Tech Club	1,319	3,817	3,353	-	1,783
Gay Straight Alliance	384	-	-	-	384
Fencing Club	933	570	-	-	1,503
Exp Based Career	-	264	125	-	139
Musicals	18,315	14,183	16,245	-	16,253
Spirit Club	1,966	715	-	-	2,681
Family Career	194	338	452	-	80
Athletics	296,236	593,839	471,650	-	418,425
Total	\$ 587,673	969,438	793,465	-	763,646

See accompanying independent auditor's report.

Johnston Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 35,857,736	35,695,347	35,019,915	32,577,208	32,073,368	30,063,824	28,943,854	25,624,856	23,672,255	21,314,918
Tuition	3,582,546	3,668,713	3,475,163	3,137,706	3,388,830	3,860,880	3,318,397	3,153,507	3,155,907	2,894,604
Other	2,367,120	2,106,399	2,083,829	2,788,425	2,307,958	3,321,999	3,479,491	2,616,713	1,920,527	1,653,031
Intermediate sources	98,961	95,614	91,857	90,678	92,866	85,004	-	-	-	-
State sources	31,650,260	30,704,092	27,910,332	23,396,412	25,729,617	23,887,916	21,363,797	19,152,732	17,287,021	15,584,614
Federal sources	1,769,532	1,692,437	3,729,793	4,060,543	1,310,703	608,405	557,081	545,932	453,730	475,152
Total	<u>\$ 75,326,155</u>	<u>73,962,602</u>	<u>72,310,889</u>	<u>66,050,972</u>	<u>64,903,342</u>	<u>61,828,028</u>	<u>\$ 57,662,620</u>	<u>51,093,740</u>	<u>46,489,440</u>	<u>41,922,319</u>
Expenditures:										
Instruction:										
Regular	29,014,697	27,638,864	27,049,790	26,420,349	25,632,654	22,840,146	\$ 19,978,686	18,389,994	16,682,152	14,923,600
Special	9,552,833	8,737,716	8,299,509	7,633,325	7,310,329	7,135,533	6,694,623	5,867,984	6,196,627	5,449,798
Other	6,851,147	6,188,208	5,211,519	4,562,423	3,493,390	2,798,377	2,841,136	2,385,744	2,186,628	2,082,883
Support services:										
Student	1,733,474	1,652,186	1,657,172	1,595,119	1,434,161	1,413,042	1,289,939	1,189,547	1,123,216	1,082,857
Instructional staff	5,256,963	3,238,683	2,965,971	2,681,246	2,590,573	2,679,714	2,087,999	1,985,956	1,452,473	1,309,542
Administration	5,580,409	5,354,058	5,461,057	5,135,490	5,183,740	5,216,577	4,781,180	4,011,887	2,668,177	2,566,722
Operation and maintenance of plant	4,899,107	4,826,922	4,744,650	4,845,401	4,693,862	4,511,428	3,903,490	3,707,823	3,596,527	3,095,173
Transportation	3,346,722	3,161,811	2,859,427	2,582,214	2,625,767	1,984,393	2,103,016	1,675,469	1,846,703	1,460,984
Central support	-	-	-	-	-	-	-	-	17,353	171,047
Non-instructional programs:										
Food services	50,075	22,680	42,357	13,764	17,345	22,305	2,855	8,203	713	646
Community services and education	134,712	142,207	118,070	118,485	112,879	111,639	121,130	142,590	5,130	2,508
Other expenditures:										
Facilities acquisition	3,223,347	10,429,507	5,158,895	3,865,127	3,341,005	9,739,160	16,166,714	7,242,583	4,949,087	15,198,700
Long-term debt:										
Principal	4,910,369	4,305,000	4,150,000	5,670,000	5,520,000	5,365,000	7,655,000	9,510,000	11,975,000	3,620,000
Interest and other charges	1,683,782	1,655,159	1,803,086	1,952,509	2,128,980	2,250,958	2,597,424	1,087,863	1,159,498	1,187,814
AEA support	2,307,835	2,236,244	2,320,857	2,187,815	1,946,449	1,771,545	1,606,455	1,408,173	1,261,795	1,176,050
Total	<u>\$ 78,545,472</u>	<u>79,589,245</u>	<u>71,842,360</u>	<u>69,263,267</u>	<u>66,031,134</u>	<u>67,839,817</u>	<u>71,829,647</u>	<u>58,613,816</u>	<u>55,121,079</u>	<u>53,328,324</u>

See accompanying independent auditor's report

Johnston Community School District

Statistical Section Table of Contents

The statistical section of the Johnston Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	70-88
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	89-94
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	95-101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	102-106
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	107-113

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

NET ASSETS BY COMPONENT**Last Ten Fiscal Years**

Year ended June 30,	2013	2012	2011
Governmental activities:			
Invested in capital assets, net of related debt	\$ 57,078,691	62,356,405	51,038,392
Restricted	19,489,999	9,744,735	16,419,758
Unrestricted	8,028,431	9,387,456	7,405,591
Total governmental activities net assets	\$ 84,597,121	81,488,596	74,863,741
Business-type activities:			
Invested in capital assets, net of related debt	\$ 731,486	587,958	676,121
Restricted	-	-	8,370
Unrestricted	2,513,869	2,586,485	2,122,298
Total business-type activities net assets	\$ 3,245,355	3,174,443	2,806,789
Primary government:			
Invested in capital assets, net of related debt	\$ 57,810,177	62,944,363	51,714,513
Restricted	19,489,999	9,744,735	16,428,128
Unrestricted	10,542,300	11,973,941	9,527,889
Total primary government net assets	\$ 87,842,476	84,663,039	77,670,530

Source: 2013 Certified Annual Report

2010	2009	2008	2007	2006	2005	2004
48,156,947	45,865,614	39,330,607	35,699,534	35,157,475	32,602,330	29,105,935
15,159,937	13,277,408	13,641,285	11,831,699	5,608,504	2,190,011	2,136,870
4,549,254	5,467,196	5,023,421	3,528,893	1,231,505	584,792	(1,547,399)
67,866,138	64,610,218	57,995,313	51,060,126	41,997,484	35,377,133	29,695,406
759,166	764,558	860,311	865,179	629,082	680,399	401,213
-	-	-	-	-	-	-
1,887,694	1,894,468	1,714,535	1,473,496	1,808,309	1,517,315	1,295,667
2,646,860	2,659,026	2,574,846	2,338,675	2,437,391	2,197,714	1,696,880
48,916,113	46,630,172	40,190,918	36,564,713	35,786,557	33,282,729	29,507,148
15,159,937	13,277,408	13,641,285	11,831,699	5,608,504	2,190,011	2,136,870
6,436,948	7,361,664	6,737,956	5,002,389	3,039,814	2,102,107	(251,732)
70,512,998	67,269,244	60,570,159	53,398,801	44,434,875	37,574,847	31,392,286

EXPENSES, PROGRAM REVENUES AND NET REVENUES (EXPENSES)**Last Ten Fiscal Years**

Year ended June 30,	2013	2012	2011	2010
Expenses:				
Governmental activities:				
Instruction	\$ 49,036,745	44,757,711	42,997,915	41,075,403
Student services	1,697,758	1,638,859	1,657,151	1,596,919
Instructional staff services	3,645,976	3,364,050	3,028,879	2,749,674
Administrative services	5,251,380	5,043,599	5,308,433	5,122,778
Operating and maintenance of plant services	4,919,762	4,886,355	4,836,685	4,912,963
Transportation services	3,222,225	3,591,054	3,197,520	2,829,785
Capital outlay	-	-	-	-
Long-term debt interest	1,595,681	1,642,172	1,790,759	1,920,576
Non-instructional programs	159,747	136,274	145,594	126,953
Other expenditures	2,971,590	2,282,020	2,350,350	2,460,001
Total governmental activities expenses	72,500,864	67,342,094	65,313,286	62,795,052
Business type activities:				
Nutrition	2,989,163	2,968,730	2,893,145	2,826,126
Day care services	2,095,538	1,982,675	1,987,377	2,005,525
Community education services	795,752	632,314	584,003	606,859
Total business type activities expenses	5,880,453	5,583,719	5,464,525	5,438,510
Total primary government expenses	\$ 78,381,317	72,925,813	70,777,811	68,233,562
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 4,708,965	4,716,473	4,446,966	4,021,814
Support services	334,746	303,992	319,065	303,383
Operating grants and contributions	8,742,525	8,729,403	10,716,250	10,659,417
Total governmental activities program revenues	13,786,236	13,749,868	15,482,281	14,984,614
Business type activities:				
Charges for services:				
Nutrition	2,332,549	2,341,951	2,270,385	2,126,538
Day care services	2,164,258	1,971,370	1,880,593	1,870,093
Community education services	813,678	718,583	572,686	593,905
Operating grants and contributions	887,948	919,469	900,790	835,808
Total business type program revenues	6,198,433	5,951,373	5,624,454	5,426,344
Total primary government program revenues	\$ 19,984,669	19,701,241	21,106,735	20,410,958
Net revenue (expense):				
Governmental activities	\$ (58,714,628)	(53,592,226)	(49,831,005)	(47,810,438)
Business type activities	317,980	367,654	159,929	(12,166)
Total primary government net expense	\$ (58,396,648)	(53,224,572)	(49,671,076)	(47,822,604)

Source: 2013 Certified Annual Report

2009	2008	2007	2006	2005	2004
38,263,152	34,346,658	30,666,801	28,211,145	26,518,342	23,852,166
1,401,696	1,380,591	1,301,680	1,170,265	1,124,816	1,118,710
2,601,050	2,669,388	2,062,886	1,933,485	1,439,037	1,305,551
4,781,632	4,929,567	4,344,754	4,048,697	2,741,465	2,869,991
4,712,151	4,488,374	3,896,886	3,717,675	3,640,341	3,083,216
2,302,013	2,097,710	2,048,069	1,759,129	1,724,913	1,480,230
-	798,920	471,589	322,595	890,901	760,856
2,082,797	2,220,610	2,058,741	1,752,411	1,162,844	1,212,624
91,567	82,532	142,117	149,814	843	654
2,068,147	1,771,545	1,606,455	1,408,173	1,261,795	1,176,050
58,304,205	54,785,895	48,599,978	44,473,389	40,505,297	36,860,048
2,539,224	2,403,213	2,217,269	1,969,280	1,816,128	1,543,782
2,270,418	2,251,506	2,033,473	1,858,371	1,524,092	1,230,729
582,854	509,127	481,129	429,823	594,714	467,234
5,392,496	5,163,846	4,731,871	4,257,474	3,934,934	3,241,745
63,696,701	59,949,741	53,331,849	48,730,863	44,440,231	40,101,793
4,384,947	4,721,590	3,890,184	3,932,276	4,172,796	3,846,633
268,496	236,406	175,645	355,562	217,477	221,696
6,848,576	5,115,230	4,136,055	3,260,375	3,117,791	2,694,797
11,502,019	10,073,226	8,201,884	7,548,213	7,508,064	6,763,126
1,997,655	1,877,541	1,751,445	1,686,958	1,578,301	1,453,805
2,181,658	2,218,810	1,919,604	1,870,127	1,564,964	1,358,932
552,129	479,257	435,473	391,836	548,318	438,535
741,005	717,105	526,633	548,230	441,769	375,335
5,472,447	5,292,713	4,633,155	4,497,151	4,133,352	3,626,607
16,974,466	15,365,939	12,835,039	12,045,364	11,641,416	10,389,733
(46,802,186)	(44,712,669)	(40,398,094)	(36,925,176)	(32,997,233)	(30,096,922)
79,951	128,867	(98,716)	239,677	198,418	384,862
(46,722,235)	(44,583,802)	(40,496,810)	(36,685,499)	(32,798,815)	(29,712,060)

GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS

Last Ten Fiscal Years

Year ended June 30,	2013	2012	2011	2010
Net (expense) revenue:				
Governmental activities	\$ (58,714,628)	(53,592,226)	(49,831,005)	(47,810,438)
Business type activities	317,980	367,654	159,929	(12,166)
Total primary government net expense	(58,396,648)	(53,224,572)	(49,671,076)	(47,822,604)
General revenues and other changes in net assets:				
Governmental activities:				
General revenues:				
Property taxes levied for:				
General purposes	23,739,582	25,139,889	25,381,589	24,158,338
Debt service	3,614,999	2,302,231	875,421	1,313,820
Capital outlay	3,169,354	3,129,302	2,954,515	2,822,082
Local option sales and services tax	5,336,410	5,123,925	5,808,390	4,282,968
Unrestricted state grants	24,769,091	23,753,747	20,916,147	16,880,987
Unrestricted investment earnings	46,852	71,535	109,923	847,168
Other	872,283	696,452	782,623	760,995
Capital contributions	-	-	-	-
Transfers	65,000	-	-	-
Total governmental activities	61,613,571	60,217,081	56,828,608	51,066,358
Business-type activities:				
Miscellaneous	-	-	-	-
Transfers	(65,000)	-	-	-
Total business-type activities	(65,000)	-	-	-
Total primary government general revenues and other changes in net assets	61,548,571	60,217,081	56,828,608	51,066,358
Change in net assets:				
Governmental activities	2,898,943	6,624,855	6,997,603	3,255,920
Business-type activities	252,980	367,654	159,929	(12,166)
Total primary government change in net assets	\$ 3,151,923	6,992,509	7,157,532	3,243,754

Source: 2013 Certified Annual Report

2009	2008	2007	2006	2005	2004
(46,802,186)	(44,712,669)	(40,398,094)	(36,925,176)	(32,997,233)	(30,096,922)
79,951	128,867	(98,716)	239,677	198,418	384,862
(46,722,235)	(44,583,802)	(40,496,810)	(36,685,499)	(32,798,815)	(29,712,060)
21,298,103	19,689,959	19,159,367	16,565,872	15,337,951	13,415,403
2,556,704	2,657,697	2,177,335	2,304,979	2,018,204	2,012,726
2,638,596	2,485,836	2,384,625	2,159,039	2,059,739	1,887,257
5,579,965	5,230,332	5,222,527	4,594,967	4,256,361	3,999,532
20,175,159	19,400,505	17,692,641	16,398,591	14,607,644	13,358,918
376,149	1,148,153	1,610,716	853,263	200,335	126,896
796,644	1,142,678	1,213,525	668,816	501,142	367,015
-	-	-	-	(285,868)	-
(4,229)	-	-	-	(16,548)	(13,993)
53,417,091	51,755,160	49,460,736	43,545,527	38,678,960	35,153,754
-	-	-	-	285,868	-
4,229	-	-	-	16,548	13,993
4,229	-	-	-	302,416	13,993
53,421,320	51,755,160	49,460,736	43,545,527	38,981,376	35,167,747
6,614,905	7,042,491	9,062,642	6,620,351	5,681,727	5,056,832
84,180	128,867	(98,716)	239,677	500,834	398,855
6,699,085	7,171,358	8,963,926	6,860,028	6,182,561	5,455,687

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Year ended June 30,	2013	2012	2011
General Fund:			
Nonspendable for Inventories	\$ 49,391	47,836	42,426
Restricted	742,491	875,116	765,115
Unassigned	4,019,759	5,998,132	4,721,855
Total general fund	4,811,641	6,921,084	5,529,396
All other governmental funds:			
Restricted, Debt Service	9,721,828	516,040	517,651
Restricted, reported in:			
Special revenue funds	2,901,807	2,622,228	2,200,881
Capital project funds	6,173,055	5,851,080	13,284,800
Total all other governmental funds	18,796,690	8,989,348	16,003,332
Total governmental fund balances	\$ 23,608,331	15,910,432	21,532,728

Source: 2013 Certified Annual Report

2010	2009	2008	2007	2006	2005	2004
49,222	42,801	31,176	17,982	20,093	19,820	142,972
1,013,530	592,350	466,786	486,487	419,157	360,537	353,451
1,580,546	2,347,277	2,713,355	2,693,386	1,363,662	699,325	(904,157)
2,643,298	2,982,428	3,211,317	3,197,855	1,802,912	1,079,682	(407,734)
518,464	3,990,413	454,343	397,337	3,393,351	219,696	209,093
4,272,008	4,406,636	4,427,435	3,494,338	2,883,949	2,086,111	1,486,468
13,630,429	12,897,017	17,177,649	14,123,571	27,299,916	2,594,715	1,185,564
18,420,901	21,294,066	22,059,427	18,015,246	33,577,216	4,900,522	2,881,125
21,064,199	24,276,494	25,270,744	21,213,101	35,380,128	5,980,204	2,473,391

GOVERNMENTAL FUNDS REVENUES**Last Ten Fiscal Years**

Year ended June 30,	2013	2012	2011	2010	2009
Local Sources:					
Property taxes	\$ 30,531,071	29,705,068	28,376,676	27,530,901	25,775,471
Local option sales tax	5,336,410	5,123,925	5,808,390	4,282,968	5,579,965
Utility replacement	860,601	866,354	834,848	763,339	717,932
Other local sources	4,385,685	5,004,132	4,710,696	4,430,103	4,844,036
Investment earnings	46,852	71,535	109,923	847,168	376,149
Student activities	745,744	795,059	830,231	739,538	569,468
Total local sources	41,906,363	41,566,073	40,670,764	38,594,017	37,863,021
State sources:					
State foundation aid	24,769,091	23,753,747	20,916,147	16,880,987	19,988,582
Other state sources	6,881,169	6,950,345	6,994,185	6,515,425	5,741,036
Total state sources	31,650,260	30,704,092	27,910,332	23,396,412	25,729,618
Federal sources	1,769,531	1,692,437	3,729,793	4,060,543	1,310,703
Total Revenues	\$ 75,326,154	73,962,602	72,310,889	66,050,972	64,903,342

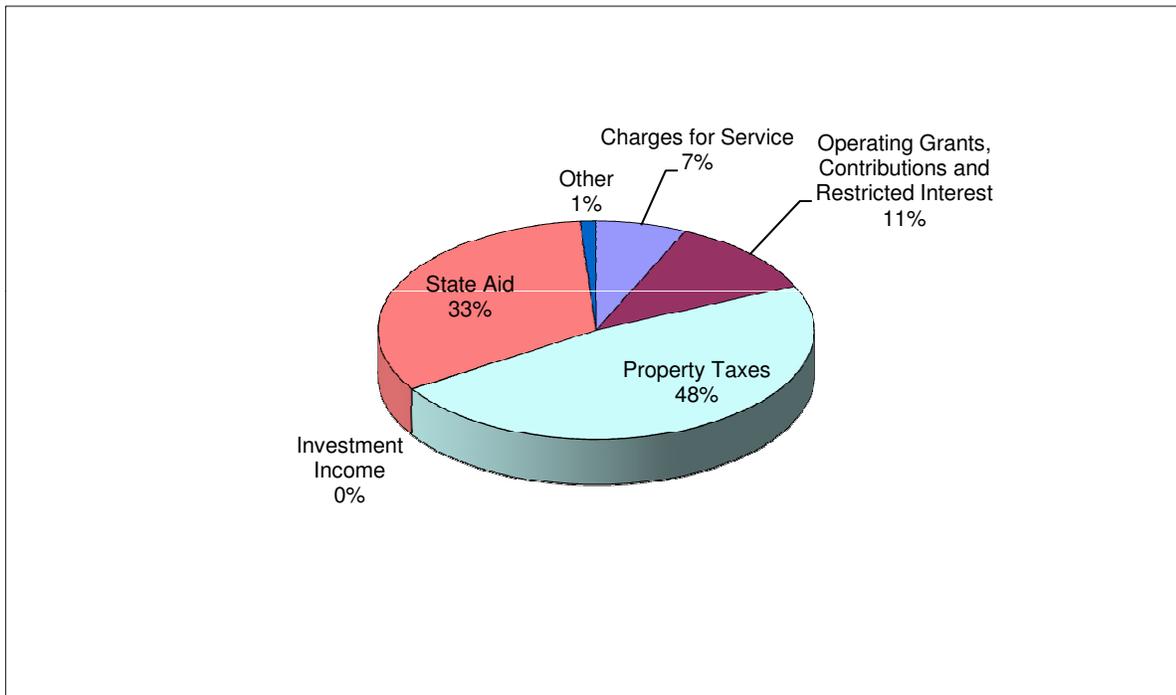
**Utility replacement revenue was not broken down into detail prior to fiscal year 2006.

Source: 2013 Certified Annual Report

2008	2007	2006	2005	2004
24,131,034	23,016,962	20,330,548	19,415,895	17,315,388
5,230,332	5,222,527	4,594,967	4,256,361	3,999,532
702,460	704,365	699,341	**	**
5,613,015	4,594,317	4,395,017	4,593,385	4,250,846
1,148,154	1,610,716	826,048	200,335	37,401
506,711	600,924	549,155	282,713	259,386
37,331,706	35,749,811	31,395,076	28,748,689	25,862,553
19,218,464	17,835,060	16,290,764	14,607,554	13,358,918
4,669,452	3,522,227	2,861,968	2,679,467	2,225,696
23,887,916	21,357,287	19,152,732	17,287,021	15,584,614
608,406	555,522	545,932	453,730	475,152
61,828,028	57,662,620	51,093,740	46,489,440	41,922,319

GOVERNMENTAL REVENUES, BY SOURCE
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES		GENERAL REVENUES				TOTAL
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property Taxes	Investment Income	State Aid	Other	
2012-13	\$ 5,043,711	8,742,525	35,860,345	46,852	24,769,091	863,630	75,326,154
2011-12	5,020,465	8,729,403	35,695,347	71,535	23,753,747	692,105	73,962,602
2010-11	4,766,031	10,716,250	35,019,915	109,923	20,916,147	782,623	72,310,889
2009-10	4,325,197	10,659,417	32,577,208	847,168	16,880,987	760,995	66,050,972
2008-09	4,653,443	6,848,576	32,073,368	376,149	19,988,582	963,224	64,903,342
2007-08	4,957,996	5,115,230	30,063,826	1,148,154	19,218,464	1,324,358	61,828,028
2006-07	4,065,829	4,136,055	28,943,854	1,610,716	17,692,641	1,213,525	57,662,620
2005-06	4,287,838	3,260,375	25,624,857	853,263	16,398,591	668,816	51,093,740
2004-05	4,390,273	3,117,791	23,672,255	200,335	14,607,644	501,142	46,489,440
2003-04	4,068,329	2,694,797	21,314,918	126,896	13,358,918	367,015	41,930,873



Note: Governmental activities only, does not include business activities.

Source: District Audits



**JOHNSTON
COMMUNITY**
SCHOOL DISTRICT
Excellence In Education

COMPARATIVE RATIO OF DEBT SERVICE TO GOVERNMENTAL FUNDS EXPENDITURES

Last Ten Fiscal Years

Year ending June 30,	2013	2012	2011	2010	2009	2008
Instruction:						
Regular instruction	\$ 30,274,566	27,638,864	27,049,790	26,246,992	25,632,654	22,840,146
Special instruction	9,552,833	8,737,716	8,299,509	7,633,325	7,310,329	7,135,533
Other instruction	6,851,147	6,188,208	5,211,519	4,735,781	3,493,390	2,798,377
Support services:						
Student services	1,733,474	1,652,186	1,657,172	1,595,120	1,434,161	1,413,042
Instructional staff services	3,997,094	3,238,683	2,965,971	2,681,246	2,590,573	2,679,714
Administration services	5,580,409	5,354,058	5,461,057	5,135,488	5,183,740	5,216,577
Plant operation and maintenance	4,899,107	4,826,922	4,744,650	4,845,401	4,693,862	4,511,428
Transportation services	3,346,722	3,161,811	2,859,427	2,582,214	2,625,767	1,984,393
Non-instructional programs:						
Food services	50,075	22,680	42,357	13,764	17,345	22,305
Community service and education	134,712	142,207	118,070	118,485	112,879	111,639
Capital outlay	3,223,347	10,429,507	5,158,895	3,865,127	3,341,005	9,739,160
Debt service:						
Principal	4,910,369	4,305,000	4,150,000	5,670,000	5,520,000	5,365,000
Interest	1,577,488	1,655,159	1,803,086	1,952,509	2,128,980	2,230,458
Services	106,294	-	-	-	-	20,500
Intergovernmental other expenditures	2,307,835	2,236,244	2,320,857	2,187,815	1,946,449	1,771,545
Total expenditures	\$ 78,545,472	79,589,245	71,842,360	69,263,267	66,031,134	67,839,817
Debt service as a percentage of non-capital expenditures	8.75%	8.62%	8.90%	11.70%	12.20%	13.10%

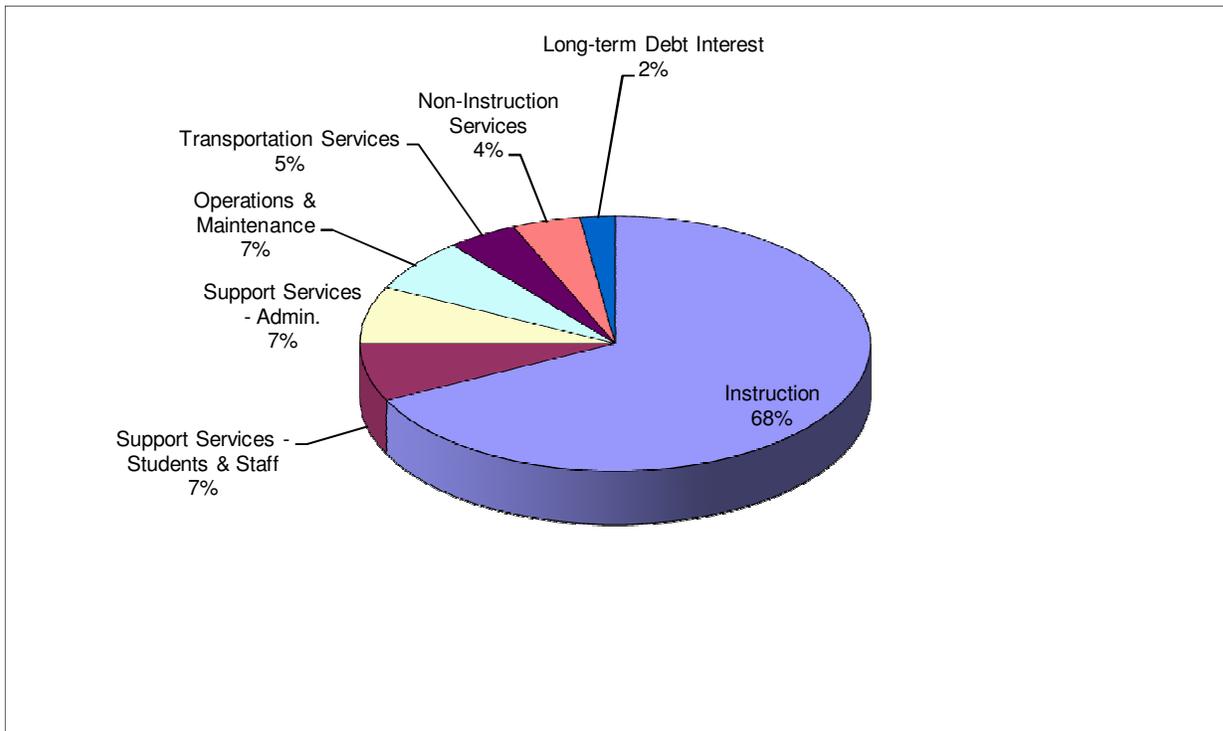
*Instruction and support service expenditures were not broken down into further functional detail for these years. Therefore, only total instruction and total support services are shown.

Source: 2013 Certified Annual Report

2007	2006	2005	2004
19,978,686	18,389,994	16,682,152	14,923,600
6,694,623	5,867,984	6,196,627	5,449,798
2,841,136	2,385,744	2,186,628	2,082,883
1,289,939	1,189,547	1,123,216	1,082,857
2,087,999	1,985,956	1,452,473	1,309,542
4,781,180	4,011,887	2,685,530	2,737,819
3,903,490	3,707,823	3,596,527	3,095,173
2,103,016	1,675,469	1,846,703	1,460,984
2,855	8,203	713	646
121,130	142,590	5,130	2,508
16,166,714	7,242,583	4,949,087	15,198,700
7,655,000	9,510,000	11,975,000	3,620,000
2,592,150	1,085,413	1,155,598	1,184,564
5,274	2,450	3,900	3,250
1,606,455	1,408,173	1,261,795	1,176,050
71,829,647	58,613,816	55,121,079	53,328,374
18.40%	20.60%	26.20%	12.60%

GOVERNMENT-WIDE EXPENSES, BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2012-13	\$ 49,036,745	5,343,734	5,251,380	4,919,762	3,222,225	3,131,337	1,595,681	72,500,864
2011-12	44,757,711	5,002,909	5,043,599	4,886,355	3,591,054	2,418,294	1,642,172	67,342,094
2010-11	42,997,915	4,686,030	5,308,433	4,836,685	3,197,520	2,483,617	1,803,086	65,313,286
2009-10	41,075,403	4,346,593	5,122,778	4,912,963	2,829,785	2,555,021	1,952,509	62,795,052
2008-09	38,263,152	4,002,746	4,781,632	4,712,151	2,302,013	2,113,531	2,128,980	58,304,205
2007-08	34,346,658	4,069,979	4,929,567	4,488,374	2,097,710	2,632,997	2,220,610	54,785,895
2006-07	30,666,801	3,364,566	4,344,754	3,896,886	2,048,069	2,220,161	2,058,741	48,599,978
2005-06	28,211,145	3,103,750	4,048,697	3,717,675	1,759,129	1,880,582	1,752,411	44,473,389
2004-05	26,518,342	2,563,853	2,741,465	3,640,341	1,724,913	2,153,539	1,162,844	40,505,297
2003-04	23,852,166	2,424,261	2,869,991	3,083,216	1,480,230	1,937,560	1,212,624	36,860,048



Note: Governmental activities only, does not include business activities.

Source: District Audits



**JOHNSTON
COMMUNITY**

SCHOOL DISTRICT

Excellence In Education

OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Year ended June 30,	2013	2012	2011	2010
Deficiency of revenues under expenditures	\$ (3,219,317)	(5,626,643)	468,529	(3,212,295)
Other financing sources (uses):				
Transfers in	2,861,855	3,654,751	5,077,667	6,310,309
Transfers out	(2,796,855)	(3,654,751)	(5,077,667)	(6,310,309)
Sale of bonds	-	-	-	-
Sale of property/equipment	8,652	4,347	-	-
Proceeds from capital lease/lease purchase	1,259,869	-	-	-
General obligation bond proceeds	9,374,113	-	-	-
Net change in fund balances	\$ 7,488,317	(5,622,296)	468,529	(3,212,295)

Source: Certified Annual Report

2009	2008	2007	2006	2005	2004
(1,127,792)	(6,011,789)	(14,167,027)	(7,520,076)	(8,631,639)	(11,406,005)
5,112,753	5,397,505	5,392,773	1,248,028	11,225,244	2,804,031
(5,116,982)	(5,397,505)	(5,392,773)	(1,248,028)	(11,241,792)	(2,818,024)
-	10,069,074	-	36,920,000	12,155,000	12,025,000
19,997	358	-	-	-	8,554
-	-	-	-	-	-
-	-	-	-	-	-
(1,112,024)	4,057,643	(14,167,027)	29,399,924	3,506,813	613,556

**COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT,
 ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
 Last Ten Fiscal Years**

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth	Assessed Value	Growth	Tax Rate	Growth
2012-13	\$ 61,310,243	-0.4%	\$ 63,484,686	5.5%	6,269.0	2.0%	\$ 3,055,537,525	-1.1%	13.32548	-4.2%
2011-12	61,544,827	1.2%	60,153,139	3.9%	6,147.4	0.9%	3,088,909,736	3.4%	13.90275	-4.9%
2010-11	60,786,323	11.1%	57,900,225	5.2%	6,094.3	2.0%	2,988,468,862	3.5%	14.61345	3.3%
2009-10	54,702,682	5.2%	55,041,811	5.4%	5,972.1	3.4%	2,886,822,451	5.0%	14.14840	6.3%
2008-09	52,004,072	7.1%	52,232,962	7.6%	5,776.3	2.5%	2,749,488,947	8.9%	13.30651	1.4%
2007-08	48,564,115	8.8%	48,550,653	12.3%	5,638.1	4.5%	2,523,734,642	5.6%	13.12585	-0.2%
2006-07	44,636,256	12.0%	43,241,313	10.4%	5,396.7	4.1%	2,390,757,791	14.5%	13.14847	-0.2%
2005-06	39,844,239	11.9%	39,164,333	12.4%	5,186.0	6.1%	2,088,056,971	14.5%	13.17896	0.3%
2004-05	35,613,671	9.9%	34,831,387	11.0%	4,885.6	5.9%	1,823,992,060	14.5%	13.13583	4.7%
2003-04	32,405,251	8.8%	31,379,456	5.1%	4,613.2	5.2%	1,592,788,804	11.7%	12.54170	5.5%

Source: Polk County Auditor and Certified Annual Report

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Collection Year	Real Property	Personal Property	Railroad & Utilities w/o Gas & Electric	Gas & Electric	Total Assessed Value	Total Taxable Value	Total Direct Rate
2012-13	\$ 2,972,775,062	-	7,935,534	74,826,929	3,055,537,525	1,897,678,183	17.35008
2011-12	3,008,100,368	-	7,822,942	72,986,426	3,088,909,736	1,878,286,267	17.3460
2010-11	2,908,599,500	-	7,125,798	72,743,564	2,988,468,862	1,773,728,907	17.3451
2009-10	2,818,969,900	-	6,846,410	61,006,141	2,886,822,451	1,690,544,610	17.3474
2008-09	2,693,831,446	-	6,502,115	49,155,386	2,749,488,947	1,584,618,486	17.3462
2007-08	2,464,922,044	-	6,159,060	52,653,538	2,523,734,642	1,492,882,000	17.3475
2006-07	2,335,185,718	-	7,145,933	48,426,140	2,390,757,791	1,430,062,685	17.2105
2005-06	2,036,768,916	-	6,522,610	44,765,445	2,088,056,971	1,290,069,326	16.7377
2004-05	1,775,241,092	-	6,213,831	42,537,137	1,823,992,060	1,106,229,055	15.6545
2003-04	1,541,720,214	-	7,468,763	43,599,827	1,592,788,804	1,012,560,944	15.0983

Source: Polk County Auditor

**PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Levy Year	Collection Year	Overlapping Rates					District Direct Rates				Ratio of Johnston CSD to Total	
		Polk County	State	Area XI Community College	City	Special	Johnston General Purpose	Johnston Capital Purpose	Johnston Debt Service	Johnston Community School District		
City of Des Moines												
2011	2012-13	\$ 10.66459	0.00330	0.58466	16.91982	0.06011	13.32548	1.67000	1.90482	17.35008	45.58256	0.38063
2010	2011-12	10.45909	0.00320	0.59018	16.58000	0.08531	14.44737	1.67000	1.22862	17.34599	45.06377	0.38492
2009	2010-11	10.49853	0.00340	0.56008	16.57614	0.08005	15.18024	1.67000	0.49482	17.34506	45.06326	0.38490
2008	2009-10	10.43366	0.00300	0.56778	16.57614	0.33537	14.89988	1.67000	0.77750	17.34738	45.26333	0.38325
2007	2008-09	10.72611	0.00350	0.56386	16.57606	0.33994	14.05536	1.67000	1.61817	17.34353	45.55300	0.38073
2006	2007-08	10.76215	0.00350	0.60276	16.59028	0.35918	13.89265	1.67000	1.78548	17.34813	45.66600	0.37989
2005	2006-07	10.77509	0.00400	0.68688	16.45083	0.38507	14.15140	1.67000	1.52483	17.34623	45.64810	0.38000
2004	2005-06	9.94318	0.00400	0.68408	16.52000	0.40073	13.89207	1.67000	1.78541	17.34748	44.89947	0.38636
2003	2004-05	9.96460	0.00400	0.59856	17.05539	0.41222	13.90421	1.67000	1.63632	17.21053	45.24530	0.38038
2002	2003-04	9.76226	0.00400	0.58184	17.04806	0.42528	13.27434	1.67000	1.78533	16.72967	44.55111	0.37552
City of Grimes												
2011	2012-13	\$ 10.44259	0.00330	0.58466	12.90968	-	13.32548	1.67000	1.90482	17.35008	41.29031	0.42020
2010	2011-12	10.23709	0.00320	0.59018	12.90318	-	14.44737	1.67000	1.22862	17.34599	41.07964	0.42225
2009	2010-11	10.25833	0.00340	0.56008	12.91004	-	15.18024	1.67000	0.49482	17.34506	41.07691	0.42226
2008	2009-10	10.16090	0.00300	0.56778	12.92062	-	14.89988	1.67000	0.77750	17.34738	40.99968	0.42311
2007	2008-09	10.17930	0.00350	0.56386	12.96278	-	14.05536	1.67000	1.61817	17.34353	41.05297	0.42247
2006	2007-08	10.21360	0.00350	0.60276	12.92590	-	13.89265	1.67000	1.78548	17.34183	41.08759	0.42207
2005	2006-07	10.21647	0.00400	0.68688	12.74622	-	14.15140	1.67000	1.52483	17.34623	40.99980	0.42308
2004	2005-06	9.55090	0.00400	0.68408	12.82953	0.39228	13.89207	1.67000	1.78541	17.34748	40.80827	0.42510
2003	2004-05	9.60980	0.00400	0.59856	12.84260	0.35480	13.90421	1.67000	1.63632	17.21053	40.62029	0.42369
2002	2003-04	9.40708	0.00400	0.58184	12.82394	0.35518	13.27434	1.67000	1.78533	16.72967	39.90171	0.41927
City of Johnston												
2011	2012-13	\$ 10.47059	0.00330	0.58466	11.29000	-	13.32548	1.67000	1.90482	17.35008	39.69863	0.43704
2010	2011-12	10.26509	0.00320	0.59018	11.09579	-	14.44737	1.67000	1.22862	17.34599	39.30025	0.44137
2009	2010-11	10.28803	0.00340	0.56008	11.26700	-	15.18024	1.67000	0.49482	17.34506	39.46357	0.43952
2008	2009-10	10.18968	0.00300	0.56778	11.30102	-	14.89988	1.67000	0.77750	17.34738	39.40886	0.44019
2007	2008-09	10.19335	0.00350	0.56386	11.30102	-	14.05536	1.67000	1.61817	17.34353	39.40526	0.44013
2006	2007-08	10.22677	0.00350	0.60276	11.30298	-	13.89265	1.67000	1.78548	17.34813	39.48414	0.43937
2005	2006-07	10.24358	0.00400	0.68688	11.30567	-	14.15140	1.67000	1.52483	17.34623	39.58636	0.43819
2004	2005-06	9.55090	0.00400	0.68408	10.74278	0.39228	13.89207	1.67000	1.78541	17.34748	38.72152	0.44801
2003	2004-05	9.60980	0.00400	0.59856	10.80991	0.35480	13.90421	1.67000	1.63632	17.21053	38.58760	0.44601
2002	2003-04	9.40708	0.00400	0.58184	10.88788	0.35518	13.27434	1.67000	1.78533	16.72967	37.96565	0.44065
City of Urbandale												
2011	2012-13	\$ 10.52259	0.00330	0.58466	9.62000	0.06011	13.32548	1.67000	1.90482	17.35008	38.14074	0.45490
2010	2011-12	10.31709	0.00320	0.59018	9.52000	0.08531	14.44737	1.67000	1.22862	17.34599	37.86177	0.45814
2009	2010-11	10.33903	0.00340	0.56008	9.32000	0.08005	15.18024	1.67000	0.49482	17.34506	37.64762	0.46072
2008	2009-10	10.24238	0.00300	0.56778	9.22000	0.33537	14.89988	1.67000	0.77750	17.34738	37.71591	0.45995
2007	2008-09	10.35478	0.00350	0.56386	9.22000	0.33994	14.05536	1.67000	1.61817	17.34353	37.82561	0.45851
2006	2007-08	10.33434	0.00350	0.60276	9.22000	0.35918	13.89265	1.67000	1.78548	17.34183	37.86161	0.45803
2005	2006-07	10.30640	0.00400	0.68688	9.07393	0.38507	14.15140	1.67000	1.52483	17.34623	37.80251	0.45886
2004	2005-06	9.55090	0.00400	0.68408	9.07010	0.79301	13.89207	1.67000	1.78541	17.34748	37.44957	0.46322
2003	2004-05	9.60980	0.00400	0.59856	9.07306	0.76702	13.90421	1.67000	1.63632	17.21053	37.26297	0.46187
2002	2003-04	9.76226	0.00400	0.58184	9.07000	0.42528	13.27434	1.67000	1.78533	16.72967	36.57305	0.45743

Source: Polk County Auditor

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2013			2004		
	2011* Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
DuPont Pioneer	\$ 73,167,250	1		\$ 56,748,760	1	
John Deere Credit	52,120,000	2				
MFR Partners III	20,404,480	3				
Centro GA Haymarket Square LLC	19,638,000	4				
Target Corp.	13,090,000	5		11,369,000	7	
Mid-American Inv. Co.	12,965,000	6		10,908,000	8	
Wal-Mart	12,666,600	7				
SCI Des Moines LLC	10,963,100	8				
Spirit SPE Johnston LLC	10,680,000	9				
Ladco Properties	10,650,000	10				
Deutsch Bank				24,166,000	2	
Village Court				16,965,970	3	
New Plan Realty Trust				15,046,840	4	
Green Meadows LTD				12,086,070	5	
Interstate Business Park				11,451,030	6	
Family Car Johnston				10,129,370	9	
Merit Westchester Square				9,293,000	10	
Total	\$ 236,344,430		12.45%	\$ 178,164,040		15.79%
Total taxable value	\$ 1,897,678,183					

*Basis for taxes paid in FY13
Source: Polk County Auditor

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
DuPont Pioneer	2,938	1	*	1,400	1	*
Childserve	926	2	*		*	*
John Deere Credit	910	3	*		*	*
Johnston Community Schools	889	4	*	514	3	*
Iowa National Guard	704	5	*	750	2	*
Heartland Area Education Agency	250	6	*	215	5	*
Bishop Drumm Care Center	245	7	*	120	9	*
Children's Habilitation Center	175	8	*	185	7	*
Iowa Public Television	127	9	*	100	10	*
ITS Inc.	125	10	*	150	8	*
Village Square Shopping Center				235	4	*
Maurices				200	6	*
Total	7,289			3,869		

*Information not available
Source: City of Johnston/audit

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Year ended June 30,	Taxies Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 30,519,078	30,485,501	99.89%	\$ 6,177	30,491,678	99.91%
2012	30,573,898	30,554,889	99.94%	(11,659)	30,543,230	99.90%
2011	29,259,811	29,154,463	99.64%	26,868	29,181,331	99.73%
2010	28,298,368	28,234,121	99.77%	20,791	28,254,912	99.85%
2009	26,504,811	26,457,754	99.82%	10,201	26,467,955	99.86%
2008	24,845,334	24,792,959	99.79%	10,390	24,803,349	99.83%
2007	23,739,889	23,704,456	99.85%	465	23,704,921	99.85%
2006	21,014,237	21,009,964	99.98%	1,422	21,011,386	99.99%
2005	19,436,154	19,389,521	99.76%	4,288	19,393,809	99.78%
2004	17,266,798	17,300,731	100.20%	(183)	17,300,548	100.20%

Source: Polk County Cash Management

PROPERTY TAX RATES**Last Ten Fiscal Years**

Fiscal Year	General	Mngt.	Reg. PPEL	Voted PPEL	Debt Service	Total
2012-13	\$ 13.32548	0.44978	0.33000	1.34000	1.90482	17.35008
2011-12	13.90275	0.54462	0.33000	1.34000	1.22862	17.34599
2010-11	14.61345	0.56679	0.33000	1.34000	0.49482	17.34506
2009-10	14.14840	0.75148	0.33000	1.34000	0.77750	17.34738
2008-09	13.30651	0.74885	0.33000	1.34000	1.61817	17.34353
2007-08	13.12585	0.76680	0.33000	1.34000	1.78548	17.34813
2006-07	13.14847	1.00293	0.33000	1.34000	1.52483	17.34623
2005-06	13.17896	0.71311	0.33000	1.34000	1.78541	17.34748
2004-05	13.13583	0.76838	0.33000	1.34000	1.63632	17.21053
2003-04	12.54170	0.74070	0.33000	1.34000	1.78533	16.73773

Source: District records

PROPERTY TAX LIABILITY**Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2012-13	200,000	50.75%	101,500	17.35008	1,761	77	4.6%
2011-12	200,000	48.53%	97,060	17.34599	1,684	57	3.5%
2010-11	200,000	46.91%	93,820	17.34506	1,627	45	2.8%
2009-10	200,000	45.59%	91,180	17.34738	1,582	52	3.4%
2008-09	200,000	44.08%	88,160	17.34942	1,530	(51)	-3.2%
2007-08	200,000	45.56%	91,120	17.34772	1,581	(15)	-0.9%
2006-07	200,000	46.00%	92,000	17.34623	1,596	(68)	-4.1%
2005-06	200,000	47.96%	95,920	17.34748	1,664	(4)	-0.2%
2004-05	200,000	48.46%	96,912	17.21053	1,668	(52)	-3.0%
2003-04	200,000	51.39%	102,775	16.73772	1,720	102	6.3%

Source: District records, Polk County Assessor

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Population	Assessed Value Property	Legal Debt Limit (5%)	General Obligation Bonds	Debt to Assessed Value	Per Capita
2013	17,278	\$ 3,055,537,525	152,776,876	40,620,000	1.33%	2,351
2012	17,278	3,088,909,736	154,445,487	35,630,000	1.15%	2,062
2011	17,278	2,988,468,862	149,423,443	39,230,000	1.31%	2,271
2010	15,691	2,886,822,451	144,341,123	42,695,000	1.48%	2,721
2009	15,691	2,749,488,947	137,474,447	45,235,000	1.65%	2,883
2008	15,691	2,523,734,642	126,186,732	47,690,000	1.89%	3,039
2007	15,261	2,390,757,791	119,537,890	40,055,000	1.68%	2,625
2006	15,076	2,088,056,971	104,402,849	44,835,000	2.15%	2,974
2005	13,596	1,823,992,060	91,199,603	16,815,000	0.92%	1,237
2004	12,834	1,592,788,804	79,639,440	18,050,000	1.13%	1,406

Source: U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information in the past).

Source: Polk County Auditor and District Records, 100% Valuation Before Rollback and Including TIF

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Total**	100% Assessed Valuation *
	General Obligation Bonds	Sales Tax Revenue Bonds	Equipment and Capital Loan Notes		
2013	\$ 40,620,000	-	-	40,620,000	\$ 3,055,537,525
2012	35,630,000	-	730,000	36,360,000	3,088,909,736
2011	39,230,000	-	1,435,000	40,665,000	2,988,468,862
2010	42,695,000	-	2,120,000	44,815,000	2,886,822,451
2009	45,235,000	2,470,000	2,780,000	50,485,000	2,749,488,947
2008	47,690,000	4,885,000	3,430,000	56,005,000	2,700,333,561
2007	40,055,000	7,250,000	4,065,000	51,370,000	2,390,757,791
2006	44,835,000	9,500,000	4,690,000	59,025,000	2,084,408,874
2005	16,815,000	9,500,000	5,300,000	31,615,000	1,955,589,136
2004	18,050,000	7,485,000	5,900,000	31,435,000	1,709,937,084

* Includes TIF Valuation

** Total Indebtedness indicates amount of debt at the end of the fiscal year.

***Source: U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information before that time).

****Source: Iowa Department of Revenue

NA-Information not available

Percent of Actual Taxable Value of Property	Population***	Per Capita	Personal Income****	Percentage of Personal Income
1.33%	17,278	2,351	N/A	NA
1.18%	17,278	2,104	1,061,293,731	3.43%
1.36%	17,278	2,354	1,012,094,482	4.02%
1.55%	15,691	2,856	911,095,733	4.92%
1.84%	15,691	3,217	926,426,360	5.45%
2.07%	15,691	3,569	935,709,569	5.99%
2.15%	15,261	3,366	856,194,778	6.00%
2.83%	15,076	3,915	770,426,024	7.66%
1.62%	13,596	2,325	695,323,539	4.55%
1.84%	12,834	2,449	641,626,345	4.90%

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013

Debt limit (5% of assessed value)
 Debt applicable to limit
 Legal debt margin

Year ended June 30,	2013	2012	2011	2010	2009
Debt limit	\$ 152,776,876	154,445,487	150,913,560	145,903,098	141,405,787
Total net debt applicable to limit	<u>40,620,000</u>	<u>36,360,000</u>	<u>40,665,000</u>	<u>44,815,000</u>	<u>50,485,000</u>
Legal debt margin	<u>112,156,876</u>	<u>118,085,487</u>	<u>110,248,560</u>	<u>101,088,098</u>	<u>90,920,787</u>
Total net debt applicable to the limit as a percentage of debt limit	27%	24%	27%	31%	36%

Source: Polk County Auditor and District Records

\$3,055,537,525

152,776,876

36,360,000

\$116,416,876

2008	2007	2006	2005	2004
135,016,678	126,186,732	104,220,444	97,687,634	85,496,854
56,005,000	51,370,000	59,025,000	31,615,000	31,435,000
<u>79,011,678</u>	<u>74,816,732</u>	<u>45,195,444</u>	<u>66,072,634</u>	<u>54,061,854</u>
41%	41%	57%	32%	37%

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Legal Debt Margin Calculation for Fiscal Year 2013

Actual assessed value	\$ 3,055,537,525
	<u>0.05</u>
Debt Limit:	<u>\$ 152,776,876</u>

Total Direct Debt = \$ 40,620,000 or 26.6% of debt limit.

*Includes TIF valuation of \$174,649,210

OVERLAPPING AND UNDERLYING DEBT

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	\$228,253,000	20,250,545,636	1,897,678,183	9.37%	21,389,584
DMACC	74,420,000	37,105,777,783	1,897,678,183	5.11%	3,806,017
Heartland AEA 11	-	37,105,777,783	1,897,678,183	5.11%	-
Urbandale San Sewer Dist	-	19,362,379,020	394,011,665	2.03%	-
City of Des Moines	438,407,117	7,132,352,626	136,660,408	1.92%	8,400,159
City of Grimes	22,968,178	456,032,018	122,253,015	26.81%	6,157,307
City of Johnston	61,692,071	1,136,101,713	1,136,101,713	100.00%	61,692,071
City of Urbandale	44,030,000	2,120,667,435	388,724,586	18.33%	8,070,829
Subtotal, overlapping debt	<u>869,770,366</u>				<u>109,515,966</u>
District direct debt:					
General obligation	36,360,000			100%	36,360,000
Capital loan notes	730,000			100%	730,000
Sales tax revenue	-			100%	-
Total direct debt	<u>37,090,000</u>				<u>37,090,000</u>
Total direct and overlapping debt	<u>\$906,860,366</u>				<u>\$146,605,966</u>

Source: Polk County Auditor, Government Offices

Compares the taxable valuation of the Johnston Community School District to the taxable valuation of each taxing district less military and includes TIF incremental values, ag land, and gas and electric utility values.

PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

Year Ended June 30,	Bonds Issued	Local Option Sales Tax Revenue Bonds					Coverage
		Revenue	Debt Service		Total		
			Principal	Interest			
2013	*	*	*	*	*	*	
2012	*	*	*	*	*	*	
2011	*	*	*	*	*	*	
2010	*	*	*	*	*	*	
2009	\$ -	5,690,221	2,415,000	112,532	2,527,532	2.25129533	
2008	-	5,452,532	2,365,000	185,666	2,550,666	2.13768953	
2007	-	5,541,955	2,350,000	1,834,225	4,184,225	1.32448781	
2006	-	4,710,741	-	-	-	*	
2005	12,155,000	4,485,570	10,140,000	229,231	10,369,231	0.43258463	
2004	5,525,000	4,074,403	1,870,000	184,047	2,054,047	1.98359775	

Source; District Records

*Coverage ratio not applicable as no debt payment in this fiscal year

GENERAL INFORMATION

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,344 acres are the cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 141, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are DuPont Pioneer, Childserve, and John Deere Credit. DuPont Pioneer is an internationally known producer of hybrid seeds. With over 2,900 employees within the District, Pioneer's facilities within Johnston include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. ChildServe is a not-for-profit organization that partners with families to help children with special health care needs. John Deere Credit provides retail, wholesale and lease financing as well as revolving credit to help facilitate the sale of John Deere agricultural, construction and forestry, and commercial and consumer equipment.

Continuing education centers within commuting distance include: Drake University, Grand View University, Des Moines University, and American Institute of Business, all in Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Des Moines Area Community College, Ankeny.

DEMOGRAPHIC AND ECONOMIC STATISTICS**Last Ten Calendar Years**

Calendar Year	Population *	Personal Income **	Adjusted Gross Income Per Tax Return **	Per Capita Personal Income	Unemployment Rate *** - %
2012	17,278	N/A	N/A	N/A	5.4
2011	17,278	\$1,061,293,731	63,566	61,425	6.1
2010	15,691	1,012,094,482	62,976	64,502	6.4
2009	15,691	911,095,733	58,784	58,065	6
2008	15,691	926,426,360	61,446	59,042	3.9
2007	15,261	935,709,569	63,172	61,314	3.6
2006	15,076	856,194,778	60,878	56,792	3.5
2005	13,596	770,426,024	59,424	56,666	4.0
2004	12,834	695,323,539	56,928	54,178	4.6
2003	11,742	641,626,345	56,407	54,644	4.1

N/A-Not available

* U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information in the past.

**Iowa Department of Revenue

***Iowa Workforce Development annual average county-wide unemployment rate

CENSUS FIGURES BY AGE GROUP - 2010

	Johnston	Urbandale	Des Moines
Under 18 years	28.3%	24.8%	24.5%
18 to 24 years	6.6%	6.8%	10.9%
25 to 44 years	28.5%	28.3%	29.0%
45 to 64 years	26.7%	27.7%	24.2%
65 years and over	9.8%	12.5%	11.3%
Median Age	36.8	38.1	33.8

Source: U.S. Department of Commerce, Bureau of Census (2010)

RETAIL SALES (IN MILLIONS)**Last Ten Calendar Years**

Year ended*	Johnston	Des Moines	Polk County	State
2013	N/A	N/A	N/A	N/A
2012	\$ 159.6	3,264.3	6,786.9	34,538.0
2011	148.6	3,195.1	6,563.6	32,904.0
2010	153.3	3,108.0	6,341.0	31,943.6
2009	156.1	3,300.1	6,471.3	33,559.9
2008	174.1	3,470.7	6,571.6	33,089.0
2007	134.0	3,418.1	6,473.5	31,645.7
2006	126.1	3,502.6	6,462.9	31,108.3
2005	124.3	3,418.1	6,173.6	29,805.3
2004	110.7	3,492.3	6,035.2	29,099.3

* Year ended March 31 through 2008, and June 30 for year ended 2009 and beyond

NA - Information not available.

Source: Iowa Department of Revenue & Finance

BANK DEPOSITS

Institution	June 30, 2013 Deposits inside Market
Charter Bank	\$ 81,391,000
Wells Fargo Bank	75,603,000
Grinnell State Bank	53,225,000
Bank of the West	27,166,000
Community State Bank	26,308,000
Bank Iowa	14,415,000
Greater Southern Bank	6,810,000
First Bank	6,538,000
ITS Bank	500,000
	<u>\$ 291,956,000</u>

Source: FDIC Deposit Market Share Report, Zip Code 50131

RESIDENTIAL CONSTRUCTION BY NUMBER OF DWELLING UNITS**Last Ten Calendar Years**

Year	Single Family	Townhome	Multi-family	(# Multi-family living units)	Totals
2012	113	14	10	0	137
2011	139	27	16	0	182
2010	130	24	36	0	190
2009	98	123	0	0	221
2008	78	22	0	0	100
2007	130	68	0	0	198
2006	190	175	0	0	365
2005	269	100	0	0	369
2004	324	65	0	0	389
2003	253	90	24	204	571
Total	1,472	667	60	204	2,213

Source: City of Johnston Planning Department

DISTRICT STAFFING LEVELS -- General Fund (FTE)

Last Ten Fiscal Years

	For Fiscal Year ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assoc. Supt.	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	6.0
Assist. Principals	4.0	4.0	4.0	4.0	4.0	9.0	9.0	9.0	4.0	4.0
Other Admin.	10.0	8.0	8.0	8.0	8.0	3.0	2.0	2.0	2.0	2.0
Total Administration	23.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0	15.0	14.0
Supervisors/ Coordinators/Managers	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Instruction:										
Teachers	425.7	415.5	405.6	400.4	393.5	364.1	331.2	324.3	309.0	287.0
Counselors	15.5	15.5	11.5	12.5	14.5	12.0	11.0	9.5	7.0	7.0
Media Spec.	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	6.0	6.0
Other Instructors	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Total Instruction	452.2	442.0	428.1	423.9	419.0	387.1	353.2	344.8	326.0	304.0
Professional/Other										
Nurses	8.0	8.3	8.3	8.3	7.3	7.0	6.0	6.0	6.0	6.0
Other Professional Staff	6.6	6.5	8.0	8.0	8.0	7.5	6.0	6.0	10.0	6.0
Total Professional/Other	14.6	14.8	16.3	16.3	15.3	14.5	12.0	12.0	16.0	12.0
Instructional Support Personnel:	139.6	139.2	137.5	135.0	135.0	124.0	114.6	114.6	112.0	125.0
Support Personnel:										
Office/Clerical	29.0	29.5	30.0	32.0	32.0	29.0	25.0	24.0	22.5	25.0
Transportation	47.4	55.0	52.5	52.0	55.0	55.0	48.0	40.0	26.1	48.0
Op. & Maintenance	42.6	42.5	42.5	41.5	44.0	44.0	38.0	38.0	35.8	31.0
Service Personnel	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	0.0	0.0
Total Support Personnel	123.0	131.0	129.0	129.5	136.0	133.0	116.0	107.0	84.4	104.0
Grand Totals	755.4	752.0	735.9	729.7	730.3	682.6	618.8	601.4	556.4	562.0
Certified Enrollment	6,269.0	6,148.0	6,094.0	5,972.0	5,776.0	5,638.0	5,398.0	5,167.0	4,920.0	4,615.0
Employees/Student	8.3	8.2	8.3	8.2	7.9	8.3	8.7	8.6	8.8	8.2
Pupil/Teacher	13.9	13.9	14.2	14.1	13.8	14.6	15.3	15.0	15.1	15.2

Source: District Data

OPERATING COST PER PUPIL
Last Ten Fiscal Years

Fiscal Year	Total Costs	Daily Average Membership	General Fund Operating Expenses Per Pupil	Free or Reduced Percentage
2012-13	\$ 63,484,686	6,393	\$ 9,930	17.90%
2011-12	60,153,139	6,218	9,674	16.40%
2010-11	57,900,225	6,185	9,361	16.60%
2009-10	55,041,811	6,022	9,140	14.40%
2008-09	52,232,942	5,773	9,048	13.40%
2007-08	48,563,110	5,666	8,571	11.20%
2006-07	43,254,757	5,236	8,261	10.70%
2005-06	39,164,333	4,958	7,899	9.20%
2004-05	34,831,387	4,898	7,111	6.80%
2003-04	31,379,456	4,534	6,921	5.52%
2002-03	29,870,388	4,386	6,810	5.03%

Source: 2013 Certified Annual Report/Student Reporting in Iowa



**JOHNSTON
COMMUNITY**

SCHOOL DISTRICT

Excellence In Education

GENERAL ANALYSIS OF FACILITIES
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008
Elementary Schools:						
Lawson K-5 (1958, 1960, 1967, 1998)						
Square Feet	82,532	82,532	63,353	63,353	63,353	63,353
Number of classrooms	47	47	38	38	38	38
Enrollment	615	478	492	502	474	486
Wallace PK-5 (1987, 1989)						
Square Feet	66,064	66,064	66,064	66,064	66,064	66,064
Number of classrooms	44	44	44	44	44	44
Enrollment	513	536	563	553	505	482
Beaver Creek K-5 (1997, 2001)						
Square Feet	96,125	96,125	96,125	96,125	96,125	96,125
Number of classrooms	45	45	45	45	45	45
Enrollment	767	846	796	746	670	653
Horizon K-5 (2001)						
Square Feet	100,506	100,506	100,506	100,506	100,506	100,506
Number of classrooms	44	44	44	44	44	44
Enrollment	729	686	702	687	610	571
Timber Ridge K-5 (2007)						
Square Feet	116,681	111,281	111,281	111,281	111,281	111,281
Number of classrooms	48	42	42	42	42	42
Enrollment	505	536	548	569	540	537
Middle Schools:						
Summit Middle School 6-7 (2004, 2007)						
Square Feet	191,680	191,680	184,680	184,680	184,680	184,680
Number of classrooms	75	75	66	66	66	66
Enrollment	1017	1007	968	948	913	832
Johnston Middle School 8-9 (1984, 1990, 2007)						
Square Feet	176,366	176,366	176,366	176,366	176,366	176,366
Number of classrooms	68	68	68	68	68	68
Enrollment	999	972	947	862	813	846
High School:						
Johnston High School 9-12 (1972, 1977, 1994, 2008)						
Square Feet	263,829	263,829	263,829	263,829	263,829	263,829
Number of classrooms	88	88	88	88	88	71
Enrollment	1360	1310	1292	1320	1287	1,249
Other facilities:						
Administrative Resource Center (2000)						
Square Feet	16,509	16,509	16,509	16,509	16,509	16,509
Transportation and BG (2000, 2007)						
Square Feet	17,040	17,040	17,040	17,040	17,040	17,040
Wallace Annex (1987)						
Square Feet	5,405	5,405	5,405	5,405	5,405	5,405
Number of classrooms	3	3	3	3	3	3
Warehouse (2000) and BG (2010)						
Square Feet	7,935	7,935	7,935	7,935	7,935	7,935

Source: District Information

2007	2006	2005	2004
63,353	63,353	63,353	63,353
38	38	38	38
500	454	464	445
66,064	66,064	66,064	66,064
44	44	44	44
568	553	499	496
96,125	96,125	96,125	96,125
45	45	45	45
858	799	743	688
100,506	100,506	100,506	100,506
44	44	44	44
650	605	579	556
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
184,680	176,680	176,680	N/A
67	66	66	N/A
793	833	826	N/A
168,366	168,366	168,366	168,366
68	68	68	68
854	792	785	1,139
213,829	213,829	213,829	213,829
71	71	71	71
1,175	1,120	1,015	1,254
16,509	16,509	16,509	16,509
17,040	6,400	6,400	6,400
5,405	5,405	5,405	5,405
3	3	3	3
7,935	7,935	7,935	7,935

SCHEDULE OF INSURANCE COVERAGE
June 30, 2013

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2012	6/30/2013
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2012	6/30/2013
Employers Mutual Companies	Business Protection - Automobile	7/1/2012	6/30/2013
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2012	6/30/2013
Employers Mutual Companies	Workers' Compensation	7/1/2012	6/30/2013
Employers Mutual Companies	Umbrella Liability	7/1/2012	6/30/2013
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2012	6/30/2013
Employers Mutual Companies	Pollution Liability	7/1/2012	6/30/2013
Employers Mutual Companies	Excess Liability	7/1/2012	6/30/2013
Employers Mutual Companies	Flood	7/1/2012	6/30/2013
Employers Mutual Companies	Earthquake	7/1/2012	6/30/2013
Employers Mutual Companies	Data Compromise	7/1/2012	6/30/2013

Source: District Records

Note: The dollar amount for self insured reflects the amount paid during fiscal year 2013.

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense	\$ 168,424
General aggregate - \$2,000,000; personal advertising limit - \$1,000,000; products/completed operations - \$2,000,000 aggregate; fire damage - \$100,000; any one occurrence limit \$1,000,000; medical expense - \$5,000	19,026
\$1,000,000 liability insurance/\$5,000 auto medical per person; \$1,000,000 uninsured motorist; \$1,000,000 underinsured motorist	76,176
Employee Theft per employee \$1,000,000; forgery or alterations \$10,000; Computer Fraud \$1,000,000; Funds Transfer fraud \$1,000,000	3,303
Self Insured-\$350,000 retention per occurrence, \$500,000 employer's liability maximum limit of indemnity per occurrence	\$ 65,310
\$10,000,000 Umbrella	26,592
\$1,000,000 Linebacker \$5,000 insured deductible each wrongful act	9,791
\$500,000 each incident, \$1,000,000 aggregate	1,125
DIC \$15,000,000 limit	10,344
Transportation Bldg, MS, HS, WL, TR \$500,000 Bldg/Contents	12,735
\$15,000,000 limit with \$50,000 deductible	5,252
\$250,000 limit	1,339
Total Premium	<u>\$ 399,417</u>



**JOHNSTON
COMMUNITY**
SCHOOL DISTRICT

Excellence In Education

Johnston Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 13	\$ 62,036
National School Lunch Program	10.555	FY 13	<u>728,750</u>
			<u>790,786</u>
Child and Adult Care Food Program	10.558	FY 13	<u>5,070</u>
Team Nutrition	10.582	FY 13	<u>2,000</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 13	<u>271,576</u>
Title I Program for Neglected & Delinquent Children	84.013	FY 13	<u>45,156</u>
Vocational Education - Basic Grants to States	84.048	FY 13	<u>38,221</u>
Title III English Language Acquisition	84.365	FY 13	<u>965</u>
Improving Teacher Quality State Grants	84.367	FY 13	<u>63,195</u>
Grants for State Assessments	84.369	FY 13	<u>40,105</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 13	<u>325,345</u>
Total			<u><u>\$ 1,582,419</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Johnston Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Johnston Community School District for the year ended June 30, 2013. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of states, Local Governments and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$176,017 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of
Johnston Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnston Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Johnston Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnston Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Johnston Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

October 31, 2013



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Van Maanen, Sietstra & Meyer, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance for Each Major Federal Program,
on Internal Control over Compliance and on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133**

To the Board of Education of Johnston Community School District:

Report on Compliance for Each Major Federal Program

We have audited Johnston Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Johnston Community School District's major federal programs for the year ended June 30, 2013. Johnston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Johnston Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Johnston Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Johnston Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Johnston Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Johnston Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

October 31, 2013

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 84.010 – Title I
 - CFDA Number 84.027 – Special Education – Grants to States (IDEA, Part B)
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Johnston Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

**Johnston Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2013**

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the certified budget amounts.
- IV-B-13 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-13 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-13 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-13 Certified Enrollment – No variances regarding the enrollment certified to the Iowa Department of Education were noted.
- IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-13 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

**Johnston Community School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2013**

IV-M-13 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance, as restated		\$ 3,887,049
Revenues/transfers in:		
Sales tax revenues	\$ 5,336,410	
Other local revenues	3,881	
Proceeds from capital leases	1,259,869	6,600,160
		<u>10,487,209</u>
Expenditures/transfers out:		
School infrastructure construction	1,310,254	
Instructional staff services	2,661,794	
Administration	29,323	
Community services	92,030	
Transfers to other funds:		
Debt service funds	2,045,368	6,138,769
		<u>6,138,769</u>
Ending balance		<u>\$ 4,348,440</u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 0.85000	1,615,000